

**In This Issue:**

- The case of the missing tax cuts
- EI tax gouging must end
- Return of the bloated bureaucracy

# From the editor

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## Case of the Missing Tax Cuts

Hats off to Alberta-artist Patrick LaMontagne ([www.cartoonink.com](http://www.cartoonink.com)) who shares his creative genius on our cover this issue, hearkening back to the Beatles' 1967 album cover "Magical Mystery Tour."

One of the fun things about that album – aside from many classic tracks including Hello Goodbye, Penny Lane and I am the Walrus – was the widespread belief its content provided clues about Paul McCartney's demise. Shortly after the Beatles last concert in 1967 rumours began that McCartney was killed in an accident and replaced by a mysterious double. Listen carefully to the end of Strawberry Fields and

you'll hear John Lennon say "I buried Paul".

So widespread was the suggestion that Paul McCartney had died that in 1969 *Life* magazine actually ran a cover story "The Case of the Missing Beatle – Paul is Still with Us."

So, with tongue firmly in cheek your CTF offers its own cover story evoking that same curious album cover of 40 years ago, but this time with clues to "the case of the missing tax cuts."

The prime minister and Conservative MPs have claimed so many times to have cut taxes by \$41-billion that some are actually starting to believe it. This issue examines that claim and reveals the figure is over stated by at least \$8.8-billion. Alas, today Paul McCartney is still alive and Canadians continue to be fleeced by a government racking up billions in over-taxation.

Yet, taxpayers may wonder about an even

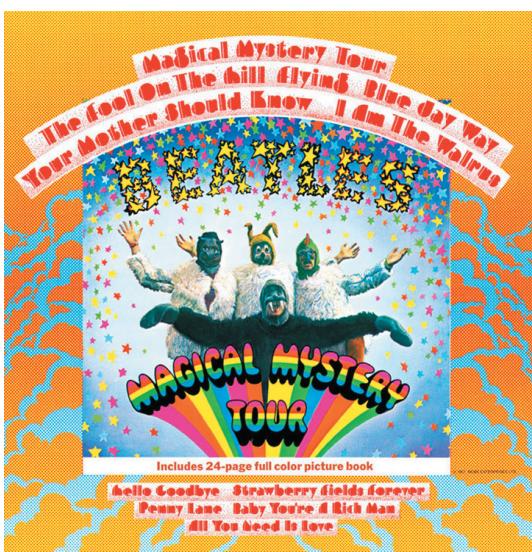
**“While the Conservatives may be criticized for conjuring up mysterious tax relief, the Liberals have conjured up no tax relief – mysterious or otherwise.”**

more curious absence: that of the Liberal Party.

As this issue of *The Taxpayer* was going to print speculation was abound of yet another federal election. The third in four years! Should the October 16<sup>th</sup> throne speech trigger another campaign it will likely be a contest between the governing Conservatives and Opposition Liberals.

While the Conservatives may be criticized for conjuring up mysterious tax relief, the Liberals have conjured up no tax relief – mysterious or otherwise. An opportunity exists for a political party to step up to the plate and champion a taxpayers' agenda.

Unlike Paul McCartney's death, the recently announced \$14.2-billion in over-taxation (what the finance department calls a surplus) from last year, coupled with estimates this year's level of over-taxation could top \$20-billion, is anything but a hoax. It is an affront to many working families struggling to make ends meet. A party prepared to embrace that reality, could form a majority government in this country.



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Printed in Canada.  
**Fighting for taxpayers**



## Sept-Oct 2007

PUBLICATIONS MAIL AGREEMENT NO. 40063310  
RETURN UNDELIVERABLE CANADIAN ADDRESSES TO:  
CANADIAN TAXPAYERS FEDERATION  
105-438 VICTORIA AVE. EAST  
REGINA, SASK S4N 0N7

# In this issue



## 6 Waste Watch

NASA can't decide if it's global warming or global cooling.



## AB: New Debt for Taxpayers?

CTF presents to teachers' pension plan review.



## Magical Mystery Tax Cuts

The Harper government overstates its tax cut record by \$8.8-billion.



## SK: First Quarter Financials

Rosy for government, less so for taxpayers.



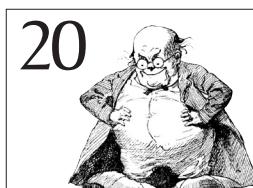
## 15 Kyoto Update

Federal government report echoes CTF warnings from 2002.



## MB: A P3 Commitment

P3s offer governments an opportunity to save tax dollars.



## 20 Return of Bloated Bureaucracy

Size of civil service exceeds pre-balanced budget era.



## ON: Toronto Tax Noose

CTF wins brief reprieve, but tax noose still in place for Toronto taxpayers.



## 28 BC: Green taxes and subsidies

All aboard the greenhouse gas reduction band-wagon.



## QC: Not a pretty picture

Quebecers pay more of their income to taxes than any other province.

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# Letters-to-the-editor

## Voting for gun reform

Your effort on behalf of all taxpayers is greatly appreciated.

One of my pet projects is abolition of the long gun registry; and I wish to remind all gun owners that of the five political parties running in the next federal election (which could happen at any time) only the Conservative Party has declared that it is their official policy to get rid of the requirement to register sporting rifles and shot guns.

If you persist in voting for a political party whose policy is to remove sporting guns from society then you have no right to complain. You can't have it both ways. Fortunately we still live in a democracy. Let's make our voices heard loud and clear.

W.E. Turner  
Thunder Bay, ON

## Keep up the good work

Thank you for all the work the CTF is doing to curb and end municipal tax increases.

We are totally against new municipal taxes. Municipalities can start to check

### Letters-to-the-editor

Letters may be edited for length, content and clarity.

Send your letters to:

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out where they are using our money unwisely. Edmonton for one thing did not need a huge art museum when city streets are in the mess they are. That is only one example in this country. Keep up the good work.

Joyce & Jim Tona  
Edmonton, AB

## My mother's maiden name won't change

I'm in the process of renewing my passport, and still cannot believe this. How is it that Radio Shack has my address and telephone number and knows that I bought a TV cable from them back in 1997, yet the federal government is still asking me where I was born and on what date. For crying out loud, does the federal government keep records by hand?

The government has my birth date on my social insurance card, on all the income tax forms I've filed since the beginning of time, my driver's license, the last eight bloody passports I've had, and all those stupid customs declaration forms I've had to fill out before being allowed off planes over the last 30 years.

I beg that someone with the federal government would please take note, once and for all, that my mother's name is Mary-anne, my father's name is Robert. I don't see how this will change between now and the time I die!

The federal government sends a passport application to my house and then asks for my address. What is going on here? Who are these people?

And while I'm at it, why does the federal government ask on customs forms whether I plan on visiting a farm in the next 15 days? If I ever got the urge to do something weird to a chicken or a goat, believe you me, I'd surely not be telling anyone.

I'd continue but I must go now to the other end of the city and get another copy of my birth certificate, to the tune of \$60! Would it be so complicated to have all the services in the same spot? Noooooo, that'd be too easy and maybe make sense. At least I understand why we can't smile in passport photos. We're ticked off!

An Irate Canadian

## Public servants pay taxes too

The suggestion in your material the private sector pays the salaries and benefits of the public sector is both incorrect and insulting. Surely your writers have more talent and knowledge than to write such nonsense! The suggestion is that somehow, public servants do not pay taxes. Taken to its ultimate conclusion, you are suggesting that virtually every employee in Canada has a salary paid for by the private sector. If, as an organiza-

tion, the CTF believes that, then you are in deep trouble. So please stop what I consider to be pure propaganda and stop targeting public servants when it is politicians you should be attacking.

Louis Tenace  
Ottawa, ON

### **Not so, 'conservative'**

I'm a 'small c' conservative and getting quite ticked off at the 'big-c' Conservatives. They are acting quite un-conservative with their growing the size of government. The only redeeming grace for them, right now, is that they are a minority government. I've contacted my MP's office (Rahim Jaffer) a couple of times already and complained about it. Is there anything else we can do? Keep up the good work.

Peter Link  
Edmonton, AB

*ED: Remind them that not being Liberal or NDP does not automatically entitle them to your vote. Support voting reform as a way to create alternatives to the major political parties.*

### **Income splitting not the way to go**

I find it very unfair that I would pay more in income tax as a single worker than someone who is married and does exactly the same job and makes

the same income as I do.

Why should singles pay more taxes for choosing not to fill out the "M" box on the TD1? It seems we are not considered that significant, even though this is a very productive group of Canadian workers. According to StatsCan there are approximately 7 million single adults of various ages.

Whether a still working single or a retired single senior, you should be angered at this double standard of taxation on earned income. After all, you already have to pay full taxes on your RRSP and you get no spousal transfer at death. At least that policy was not one you had to

"live" with. Time to play fair with everyone who pays into the system. Singles deserve to pay the same as the next guy.

J. John  
Moose Jaw, SK

### **Tax me I'm Canadian**

I was hit with a heavy capital gain tax and lost a core holding in my portfolio.

Why can't our Canadian government follow Ireland's example and reduce taxes and regulations and become a truly wealthy nation? Is our government just greedy or stupid or both?

Ray Nadeau  
Barrhead, AB



# Waste Watch

## Houston we have a problem

The National Aeronautics and Space Administration (NASA) has been a proponent of man-made global warming. On its website, NASA lists yearly temperatures. For some time, NASA's data suggested that 1998 was the warmest year on record.

However, Canadian Stephen McIntyre was going through NASA's calculations and noticed a "bizarre jump" in readings from 1999 to 2000 causing him to take a second look at NASA's calculations.

With his mathematical background, he discovered NASA had made an error when calculating yearly temperatures. They forgot to factor in the time differences when the readings took place.

McIntyre whipped off an e-mail to NASA saying their temperatures were wrong. When NASA officials took a second look, they realized their blunder.

Instead of 1998, NASA now declared 1934 the warmest year on record — 1998 is second and 1921 third. In fact, the ten hottest years are spread over 7 decades and as a decade, the 1930s were much warmer than what we are experiencing today. This contradicts claims of man-made global-warming enthusiasts, as CO<sub>2</sub> emissions were substantially lower in the 1930's than they are today.

But it doesn't stop there. The *Washington Times* points out NASA scientist James Hansen — who describes skeptics of man-made global warming as court jesters — appears alongside NASA

colleague S.I. Rasool in a 1971 *Washington Post* article entitled "US Scientists See New Ice Age Coming." Rasool predicted North America could be engulfed in the next ice age by 2021.

With files from the *National Post / The Toronto Star / Washington Times*

## Health care woes

A native agency set up in 1996 to provide oversight for aboriginal nursing, pharmacare and dental benefits to approximately 7,500 aborigines in Manitoba has been accused of misspending nearly \$7 million in federal funds.

In 1998, Health Canada noted financial irregularities at the Anishinaabe Mino-Ayaawin Agency (AMA) but never performed a full audit until 2000.

The final report on the audit released in August estimates that 11% of the nearly \$60 million in funding AMA received between

1997 and 2005 was misspent. The audit found:

- \$150,000 was paid to an outside agency with no indication of its purpose;
- Payments were made to band chiefs and councillors with no reason given;
- A number of payments were classified as "community expenses" with no receipts supplied;
- Travel expenses were paid without supporting receipts. Auditors also questioned if the trips had anything to do with AMA's mandate;
- An individual was issued cheques who in turn disbursed the money to others;
- \$25,000 was paid to allow board members to attend a retreat in the Dominican Repub-



The next Canadian \$20 bill?

# Waste Watch

lic; and

- Professional fees for work done by outside contractors were paid directly to the AMA's CEO. At times, he was also paid a finder's fee. The auditors said this placed the CEO in a conflict of interest.

Even though a Health Canada review of AMA in 2001 showed the agency received \$1.7 million to deliver health care services it never supplied, Ottawa didn't stop funding the agency until 2005.

With files from the *Regina LeaderPost*

## The sky is falling, but not the planes

While Toronto Mayor David Miller threatens significant cuts in essential services because of "critical budget shortfalls," the problem apparently is not serious enough to warrant cuts to council's travel budget.

According to information obtained through an Access to Information request by the Canadian Taxpayers Federation, Mayor Miller, 21 councillors and officials spent \$53,000 in June to attend a three-day municipal conference in Calgary. Nearly \$39,000 paid the expenses for 16 council members to attend and \$14,000 paid the flights, meals and hotel rooms for senior bureaucrats.

"In the middle of a fiscal crisis, you have all of the senior leadership of the city of Toronto jet-setting off and wasting a ton of taxpayers money," said Kevin Gaudet, the CTF's director in Ontario.

The big spender for the conference was Councillor Adam Giambone who expensed \$3,109 including \$1,237 for airfare. This, compared to councillor Suzan Hall who managed to fly in for just \$204.

Mayor Miller and his sidekick Don Wanagas expensed \$4,800 for the event.

---

MPs top up their junket budget

But there's more. Councillor Giorgio Mammoli who sits on the board of the Toronto Zoo spent \$5,000 to attend the annual conference for the World Association of Zoos and Aquariums held in Budapest, Hungary August 26-31.

With files from the *Toronto Sun*

## Taxing time for Ottawa?

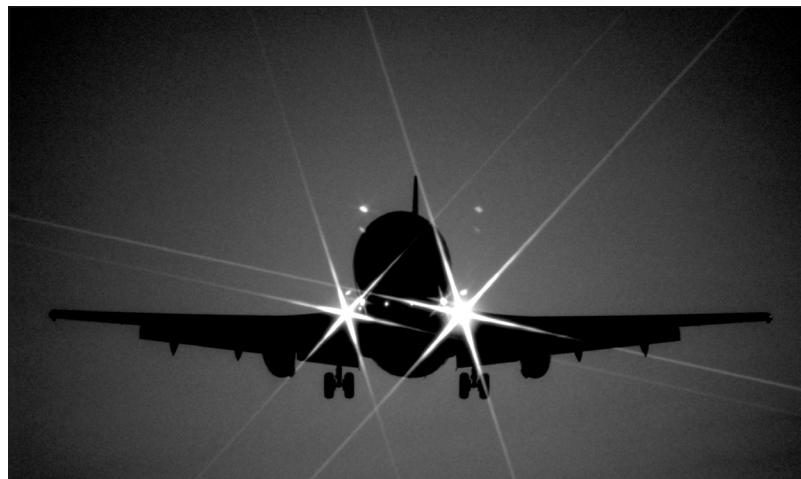
A federal court judge has ruled Ottawa must pay more money to municipalities whether it wants to or not.

The city of Montreal took Ottawa and its crown corporations to court claiming they did not properly reimburse the city for properties located in the city.

For decades, Ottawa has not paid municipal property taxes claiming a lower level of government can't tax a higher level. Instead, Ottawa and its agencies pay grants to municipalities in lieu of taxes.

However, this has become a highly contentious issue. Though Ottawa stated agencies were to pay municipalities fairly, the wording left much to the discretion of individual agencies. Different policies not only resulted in discrepancies between how departments calculated their grants in lieu of taxes, but also in what they paid and what the municipality would have collected had the property been in private hands.

If the ruling is upheld, Montreal expects to collect an additional \$18 million a year in



# Waste Watch

grants in lieu of property taxes from the federal government.

The court case was sparked by a dispute between the city of Montreal and two federal crowns. In 2004, the city claimed the Montreal Port Authority (MPA) owed a \$2 million grant in lieu of taxes. The MPA argued it was overcharged and only paid \$1.3 million. In 2005, Radio Canada decided to reduce the amount of grants it paid for its towering building in downtown Montreal and then retroactively applied the lower rate to 2003 and 2004. In so doing, Radio Canada reduced its payments over three years to \$7.4 million below property tax levels.

With files from the *National Post*

## Politicians love their green

It's a match made in heaven. Environmentalist scream the world is coming to an end. Politicians jump on the band-wagon using their taxing powers to save it.

The scaremongering has become little more than a licence to raise taxes with impunity.

According to a recent report by the English Taxpayers Alliance, in 2005 the 21.9 billion pounds raised by the British government in green taxes was 10 billion pounds more than was needed to cover Britain's carbon footprint.

According to the Taxpayers Alliance, this excess tax costs the average British family 400 pounds a year.

The British government has imposed a number of taxes under

Did Radio Canada rip the city of Montreal off for \$7.5 million?



the green banner including an air passenger duty totalling 2.1 billion pounds annually and fuel duties that amount to 25.1 billion pounds each year.

Even English tax accountants have commented on how lopsided the government's green taxes are.

The government predictably claims it isn't plundering taxpayers in the name of saving the Earth.

With files from the *Daily Mail*

## More Junket money

This past June, federal MPs quietly increased their junket budget by \$1.2 million a year.

Taxpayers currently pay \$3 million annually to finance 12 inter-parliamentary associations that send MPs and senators around the world attending conferences. Last year, 54 delegations were able to take advantage of these all-inclusive vacations ... err business trips.

The budget increase to over \$4-million was proposed by a committee headed by Liberal Senator George Furey and NDP MP Bill Blaikie has all party support.

The complaint from MPs is that a third of the previous amount went to paying memberships in the 12 parliamentary associations leaving only \$2 million for travel.

As well, pressure is on to add two new parliamentary associations to the mix — a Canada-Russia and Canada-Middle East group.

Of the 12 groups currently funded, the Canada-Europe Parliamentary Association spent the most last year sending nine delegations abroad at a total cost of \$292,000. Second place went to the Canada-

# Waste Watch

China Legislative Association at \$197,500 and third to the Canada-United States Inter-Parliamentary Group for \$191,300.

Observers note that access to these parliamentary groups and trips is closely controlled by the political parties and often used as an incentive to ensure MPs tow the party line.

With files from the *Globe and Mail*

## Pay to criticize

Over past few years, the Chinese government has reacted with predictable derision, when Canadian politicians criticize China's human rights record.

Most believe China was just wrangled by the criticism, but that may not be the case. The real issue may simply be the Canadian government didn't pay the going rate.

Former diplomat Charles Burton is part of a government-sponsored Canadian team that meets annually with Chinese officials to discuss their human rights record.

In his report to Ottawa's human rights committee, Burton stated that he and an official from the Canadian Embassy met with Chinese Foreign Ministry officials in 2005 to discuss the annual dialogue. In that meeting, a Chinese diplomat stated if the Canadian government funded Canadian University scholarships and sabbaticals for Chinese officials or made a \$60,000 donation to Yunnan province in southern China, it would give Ottawa more sway in what could be discussed in the annual meeting.

The Chinese government routinely disallows presentations from Tibetan groups and others during the yearly dialogue. With

proper remuneration, Canada was told such groups would be allowed to present.

According to the *Globe and Mail*, these suggestions by the Chinese officials could only be briefly cited as the Canadian Department of Foreign Affairs ordered most of the details deleted.

With the files from the *Globe and Mail*

## Smoke free, now tax free

Soon a package of cigarettes may look more like a \$20 bill than the inside of an operating room.

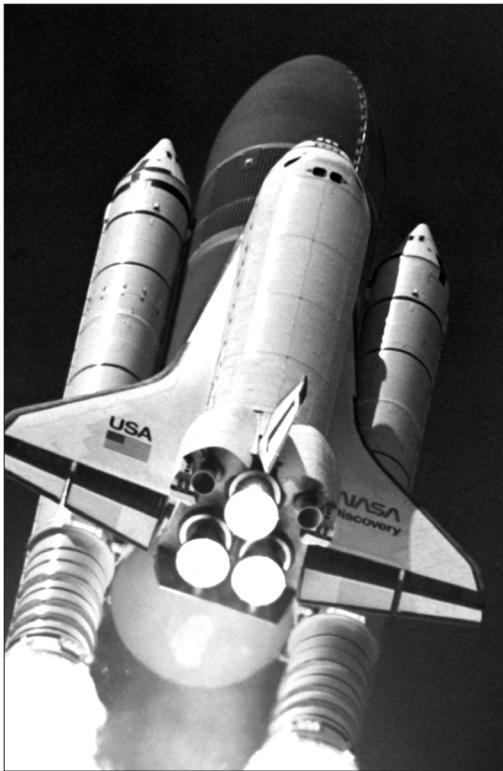
The Canadian Revenue Agency (CRA) is forcing cigarette manufacturers to include security features, such as holograms on their cigarette packaging in an effort to stop the sale of contraband.

The problem is that federal and provincial governments have increased taxes on a package of cigarettes so much that individuals can save up to \$40 on 200 cigarettes by buying them contraband. Reports suggest that nearly one in three packages of cigarettes sold in Ontario and Quebec come from illegal sources.

According to the Cancer Society, the main source of illegal cigarettes is plants located on four Mohawk reserves including one on the Canada-US border and three others in Ontario and Quebec. Indian reserves are allowed to sell tax free cigarettes to on-reserve status Indians, but many of these cigarettes find their way into the open market.

The CRA has made it clear it doesn't appreciate this loss of tax revenue and expects law-biding tobacco companies to do something about it.

With files from the *National Post*



NASA cools man-made global warming claims

ALMAGICAL MYSTERY



**I**t is no surprise to Canadians that politicians routinely exaggerate accomplishments and overlook inconsistencies. Even so, a mid-summer press release from the Conservative Party boasting of "almost \$41-billion in tax relief over three years for individuals, families and businesses" deserves scrutiny by your CTF. Particularly since Prime Minister Stephen Harper cited the upbeat tax cut number in August to journalists while

touring the Maritimes. The problem for taxpayers is the amount is not correct and is overstated by at least \$8.8-billion.

An examination of the '06 and '07 budgets reveal the three-year tax reductions total \$32-billion, not the \$41-billion cited by Conservative lawmakers. Three tricks were used to arrive at the larger – and more impressive – figure. The Conservatives magically credit themselves \$500-

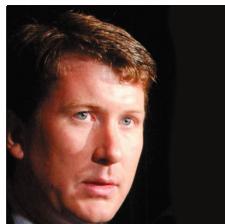
million for enacting measures announced in the 2005 Liberal budget; they include an income supplement program for the working poor worth \$1.2-billion as a tax cut instead of properly classifying it as an expenditure; and mysteriously calculate the 2006 budget's half point personal income tax increase as a multi-billion-dollar tax reduction.

There are three good reasons to rebuke the government for its embellishment. Truth in budgeting is a concern for all taxpayers regardless of partisan stripe,

and \$8.8-billion is an enormous exaggeration of the government's tax relief package. If Canadians cannot trust what politicians tell them about tax and spending levels, their faith in government and its officials will fade. This is never a good thing in a representative democracy. In fact, the overall tax burden is decreasing, but not to the extent the Conservatives would like Canadians to believe.

Second, Prime Minister Harper has said he is hesitant to offer further tax relief. His ambivalence was revealed when he explained to reporters he would very much like to announce a tax cut, but cannot because the Conservatives will not risk running a deficit. "Everyone likes big tax cuts," he said in August. "I would love a big tax cut. [But] obviously what we do ultimately depends on the fiscal room that the government has." This, of course, is the same excuse the Liberals offered when they were in office to dismiss demands for substantial tax relief.

The PM tried to dress up timid leadership as being fiscally prudent at a time when the government continues to amass another sizable surplus. Two years ago it was \$13.2-billion and last



**by John Williamson**  
Federal Director

year \$14.2-billion. The 2007 budget forecast the surplus at \$3.3-billion this year. Yet in September, the finance department reported the budgetary surplus had already hit \$7.8-billion only

four months into the fiscal year. If Mr. Harper wants to boast of a \$41-billion tax cut, his government will first need to deliver one.

Third, the government's tax relief is adequate, but not great. Canadians hear

tive finance minister is more likely to be remembered for his lavish spending – his two budgets boosted program expenditures by an eye-popping \$24.4-billion. Ottawa has already grown by 14% on his watch.

On the tax front, Minister Flaherty has offered a series of boutique tax cuts that benefit some, but not all taxpayers. The tax relief is aimed at targeted voting constituents. As a result, he has complicated the tax code, kept marginal tax rates high, and done very little to improve Cana-



**“The PM tried to dress up timid leadership as being fiscally prudent at a time when the government continues to amass another sizable surplus. Two years ago it was \$13.2-billion and last year \$14.2-billion. The 2007 budget forecast the surplus at \$3.3-billion this year. Yet in September, the finance department reported the budgetary surplus had already hit \$7.8-billion only four months into the fiscal year.”**

more talk than action from the Conservatives. Take Jim Flaherty: the finance minister claims a deep commitment to reduce taxes. Yet Mr. Flaherty's tax relief record is second to Paul Martin's. The former Liberal finance minister implemented broad-based personal and business income tax cuts in 2000, which exceed Mr. Flaherty's total. If anything, the Conserva-

da's competitiveness or the investment climate. In July, the C.D. Howe Institute said Ottawa should rethink its policy of micro tax breaks for specific groups because "the accumulation of targeted tax relief measures will have a significant fiscal cost, which could be better used to finance broad rate reductions. Tax rate reductions encourage greater work effort, investment and risk-taking without governments putting themselves in the position of picking winners from losers, a

# ALMAGICAL MYSTERY TAX CUTS

## Boutique Tax Cuts

A sampling of Finance Minister Jim Flaherty's boutique tax cuts, aimed at targeted voting constituents.

- Increased the capital gains exemption for fishermen, farmers and some small businesses
- Offered a series of tax credits for tradesmen's tools
- A tax credit for students' textbooks
- A children's fitness tax credit
- A tax credit for public transit expenses
- Tax deductions for security donations to charities
- Repeal of the jewellery excise tax
- A tax credit for employment expenses
- A reduction in excise duties for small brewers
- A new apprentice job creation tax deduction
- An environment "feebate" subsidy for buyers of small compact cars (and higher taxes for SUVs)
- An enriched spousal tax credit
- A new child tax credit
- Tax relief for foreign participants at the Vancouver's 2010 Olympic Games
- Enriched mineral exploration tax credit
- Income splitting for seniors (but not for all families)
- Increased meal expense deductions

For other zany examples that are needlessly complicating the tax code, please refer to 2006 and 2007 federal budgets.

task at which they rarely succeed."

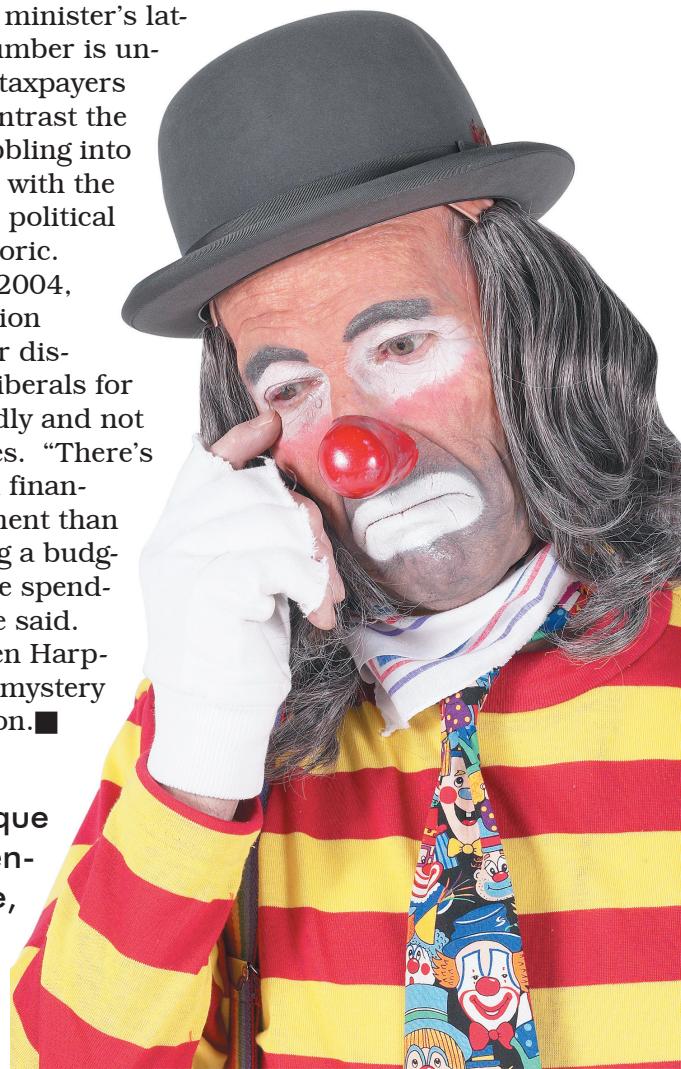
By targeting tax relief rather than lowering income taxes paid by all Canadians, the governing Conservatives are squandering an opportunity to strengthen the economy. By exaggerating the size of tax relief, Prime Minister Harper is likely hoping an impressive sounding figure will boost poll numbers. Yet voters are shrewd and can often sense when a fast one is being pulled on them.

A public opinion poll conducted by Innovative Research Group for your CTF last April found only 2% of Canadians said the 2007 federal budget will help them "a lot" and only 11% responded "somewhat." A 67% majority stated they will not personally benefit from the federal government's tax relief. Of this sum 32% responded "not very much" and 35% "not at all." [The remainder either "don't know" (2%) or "have not heard enough to say" (17%).]

The prime minister's latest tax cut number is unlikely to bait taxpayers when they contrast the tax relief dribbling into their pockets with the government's political "tax cut" rhetoric.

In March, 2004, then-Opposition leader Harper dismissed the Liberals for spending wildly and not reducing taxes. "There's more to good financial management than just balancing a budget at excessive spending levels," he said. Call it Stephen Harper's magical, mystery transformation. ■

“...boutique  
tax cuts ben-  
efit some,  
but not all  
taxpay-  
ers.”



# Ottawa Sides with Canadian Taxpayers

## Report echoes warning made by CTF in 2002

Federal opposition parties will not yield in their stubborn determination to see Canada subject to the Kyoto Protocol, the United Nations agreement that requires impossible reduction in carbon dioxide emissions. For sure the Liberal Opposition is playing smart politics: in power its lawmakers understood Canadian voters would never support Kyoto if it meant paying a carbon tax or suffering job losses. It is why emissions increased an astounding 33% above tar-



by John Williamson  
Federal Director

gets when they were the government – the Liberals talked about reducing greenhouse gases and abiding by Kyoto, but wisely never enacted policies that might endanger their support with middle class voters, particularly in Ontario. Today, the Grits sit on the opposition bench and now insist the Conservatives pass the regulations and tax increases necessary to drive energy prices up and cause families to suffer economically. Should the Harper government fall

into this trap Canadians will blame them, not the Liberals, for any economic pain. Happily for taxpayers, Prime Minister Stephen Harper and Environment Minister John Baird are having none of it.

Earlier this year, opposition lawmakers outvoted Conservative MPs to pass a law meant to compel the governing Conservatives to enact the flawed protocol. The Kyoto Implementation Act received Royal Assent and became law on June 22, 2007. For a moment it appeared Ottawa might be forced

## Kyoto costly: taxpayer group

By PAUL COWLEY  
Advocate staff

Meeting Kyoto targets will cost the average Canadian household \$2,700 a year, says the Alberta director of the Canadian Taxpayers Federation.

A recent study pre-

implementing the accord. Parliament voted in support of the protocol Tuesday.

"People have a right to know what the real costs and impacts of Kyoto are going to be."

The cost to households is deduced from estimating increased energy costs combined with wage reductions.

The study says that previous studies predict natural gas prices will rise 25 per cent by 2010, while electricity rates will rise 15 per cent.

once 26 members then reduced to 17, is now back to 24.

Alberta also lacks democratic accountability and is "practically an elected dictatorship," he said.

The Alberta government makes 99 per cent of its decisions behind closed doors, leaving the legislature as a rubber-stamp.

In 2002, your CTF released a report stating implementation of Kyoto would cost the average Canadian family \$2,700 by 2010. Five years later, the federal government agrees.

## Kyoto Update

We also critique the idea of spending billions of tax dollars to buy ‘hot air’ from Russia as an alternative plan for Canada to meet its targets on paper. This is because the scheme does not require Moscow to cut its greenhouse gases. How does paying the Russians tax money so Canada can emit greenhouse gases help the environment? It doesn’t ...

### The Kremlin: Big winner under Kyoto



to propose some type of Kyoto plan. Instead, the federal government responded with its Climate Change Plan for the Purpose of the Kyoto Protocol Implementation Act 2007. The Environment Canada rebuttal highlighted the government’s determination to emphasize the high costs Canadians will pay adhering to the protocol.

For starters, the environment release reminds voters, “Canada would have to achieve an average 33% reduction in annual emissions for each of the next five years.” This means crippling cuts in energy output – by one third starting in 2008. Anyone who says this can be done without inflicting economic pain is not being honest with Canadians.

Most impressive is Minister Baird’s environment office outlined what these costs might be. “Canadian Gross Domestic Product (GDP) would decline by more than 6.5% relative to current projections in 2008 as a result of strict adherence to the Kyoto Protocol’s emission re-

duction target for Canada. This would imply a deep recession in 2008, with a one-year net loss of national economic activity in the range of \$51-billion relative to 2007 levels.” The impact on Canada’s workforce will also be severe as “employment levels would fall by about 1.7% (or 276,000 jobs) between 2007 and 2009” and per capita income will also decline by “about \$1,000 per Canadian in today’s dollars.” In addition, “natural gas prices could potentially more than double in the early years of the 2008-2012 period, while electricity prices could rise by about 50% on average after 2010” and gas prices will

rise by “roughly 60.”

None of this is new to regular readers of this magazine. Your CTF has repeatedly warned Ottawa about the high cost of implementing the Kyoto Protocol. Our 2002 study, entitled Counting the Costs: The Effects of the Federal Kyoto Strategy on Canadian

**KYOTO  
COULD COST  
244,000 JOBS**

Federal study of climate accord reveals huge scale of economic damage

Even if Canada reaches Kyoto targets by 2012, our growing population means energy use would have to decrease each year after that to maintain those levels

# Kyoto time bomb

ROGER PHILLIPS

**T**he debate over the application of the Kyoto Protocol to Canada continues to



Kyoto, a quick glance at the further graph of per capita energy use reductions needed to meet Kyoto shows why The United States under Bush is not ready

## Kyoto Update

Households, authored by noted academic Dr. Ross McKittrick, predicted a 5.5% drop in "real" household incomes — \$2,700

for the average family — starting in 2010. That figure was updated by the CTF in February, 2005, to \$3,000 per family as a result of Ottawa's early inaction on the Kyoto file. Other key findings from your CTF's Counting the Costs report that share an uncanny similarity to conclusions reported by the federal government in August include:

- Preferences for energy consumption are stable — changing consumption patterns could require natural gas price hikes of 90% and gasoline price hikes as high as 50%;
- Assumptions of a smoothly-functioning international emissions credit market are flawed;
- A drop in real wages of 5.8% along with a 5.5% drop in real net incomes by 2010; and
- Ottawa has not conducted independent reviews of the science or cost estimates behind Kyoto.

For years your CTF has been

**“For years your CTF has been telling journalists and Canadians that implementing Kyoto is not nearly as easy or pain free as many environmentalists claim.”**

telling journalists and Canadians that implementing Kyoto is not nearly as easy or pain free as many environmentalists claim. Moreover, we also critique the idea of spending billions of tax dollars to buy "hot air" from Russia as an alternative plan for Canada to meet its targets — on paper. This is because the scheme does not require Moscow to cut its greenhouse gases. How does paying the Russians tax money so Canada can emit greenhouse gases help the environment? It doesn't, which is why the Conservative government refuses to go along with this costly shell game. The Liberals also understand this, which is why they don't promote this idea publicly.

When Prime Minister Harper announced his decision to prorogue Parliament to be-

gin a new session in mid-October, it meant outstanding legislation died on the order paper. Some — including the

crime bills and Senate reform legislation — will quickly be reintroduced. Happily, the government's climate change legislation (Bill C-30) that originally mandated a 20% reduction in carbon dioxide emissions by 2020 will not. Instead of accepting this plan, opposition MPs rewrote it, making the bill unrecognizable. It now includes a carbon tax and the original Kyoto reduction targets.

It is good news for taxpayers that Mr. Harper understands there is no obligation — constitutionally or democratically — on him to fulfil unworkable Kyoto plans written by the opposition parties. This is particularly true when those plans will damage the Canadian economy and make life more difficult for ordinary families. ■

### GLOBAL WARMING

# Lobby group warns Kyoto will send fuel prices soaring

Taxpayers' Federation sounds alarm over global accord

BY KATE JAIME  
*Southam Newspapers*

OTTAWA — The federal government will be forced to jack up oil and gas prices under the Kyoto accord, gouging \$2,700 out of Canadians' annual income, according to a paper released Tuesday by the Canadian Taxpayers' Federation.

of annual greenhouse gas emissions — emissions caused mainly by burning fossil fuels like oil and coal. To put the cut in perspective, in 1998, all the homes, commercial buildings and vehicles in Canada together generated about 240 megatonnes of emissions.

The only way to cut out that much fossil fuel use is for government to radically jack up oil, gas, and coal, argues Prof. Peter

# El premium gouging has to end

by Charles Cirtwill

**G**reat news! According to the April Fiscal Monitor (the quarterly financial update that our federal government sends out), Ottawa is in the clover. Apparently, we ran a \$2.7-billion surplus in April 2007, up \$0.1-billion from the surplus we had in April 2006. In fact, our revenues are up some \$2.4-billion over last year (our spending is also up some \$2.3-billion, but that's a column for another day).

The Fiscal Monitor tells us that most of this growth is driven by federal corporate taxes but that personal and other income tax revenues are also up while GST revenue is down because of the recent cut in the rate from seven to six per cent. So far, so good, but then the Monitor takes a very disturbing turn, telling us:

*“Employment insurance (EI) premium revenues increased by \$0.2 billion, or 6.7 per cent, through April and May, reflecting improvements in employment and wages and salaries, which more than offset the decline in the premium rate from \$1.87 to \$1.80 per \$100 of insurable earnings, effective January 1, 2007.”*

Read that passage again very closely, especially the part that says “which more than offset the decline in premium rate from a \$1.87 to \$1.80”.

In reading that clause, there are a few things you should keep in mind.

First, EI premiums are collected to support EI payouts, not to fund general government revenues. EI premiums should not be treated, and they definitely should not be discussed by our financial managers, as if they were just another line item on a revenue statement. They are not a tax akin to business and personal income taxes – at least successive governments of all stripes have been telling us that they are not a tax. So we should not be seeking to “offset” losses. The goal of the EI managers should be to balance premiums with expected payouts plus a prudent reserve.

Second, there is a current surplus in the EI account of some \$51-billion. That is \$5-billion more than the \$46-billion the government had already racked up in 2004 when Auditor-General Sheila Fraser called the government to account over the massive surplus. At that time, she indicated that the government had not observed the intent of the Employment Insurance Act because “Parliament

“There is a current surplus in the EI account of some \$51-billion. That is \$5-billion more than the \$46-billion the government had already racked up in 2004 when Auditor-General Sheila Fraser called the government to account over the massive surplus.”

did not intend that a surplus would accumulate beyond what could reasonably be spent on Employment Insurance." The government already has more money than it needs to run the EI program, maintaining the flow of cash to federal coffers is a failure in good management, not something to be celebrated.

Third, that paltry \$46-billion surplus was already three times larger than the chief actuary of Human Resources Development Canada considered sufficient to cover expected liabilities and to provide a prudent reserve in 2001. Presumably, with the passage of time, that prudent reserve figure has adjusted itself somewhat. There has also been some discussion of late about adding new programs or extending various allowances for compassionate leave and the like and paying those costs out of the accumulated EI funds. Even with the passage of time and the introduction of generous new benefits, however, it is unthinkable that the liability would have quadrupled in six years.

Finally, let's be clear. Contrary to what governments have been saying for a generation, EI premiums are a tax, a tax on jobs. Organizations like the Canadian Federation of Independent Business and the Cana-

dian Taxpayers Federation (CTF) have made that abundantly clear time and time again. The higher the premiums, the higher the cost is for employers to have employees, the fewer jobs – simple.

Giving back the accumulated surplus is probably too much to ask for, but cutting premiums and ending the gouging once and for all is certainly within reason. The CTF recently estimated the necessary premium rate to sustain current payouts and a prudent reserve at \$1.59 per \$100 of earnings. For individuals, that is 28 cents lower than it is now. That's about \$50 savings for someone making \$24,000 a year. It is \$220 for their employer, who pays a considerably higher premium. Multiply that by 10 employees, or a hundred, and soon you are talking about some real money.

I don't think the Fiscal Monitor should mention EI again until they can trumpet achieving a balance between what they collect and what they pay out. Our governments have introduced legislation to stop private sector insurers from price gouging. Why should public insurers be any different? ■

Charles Cirtwill is acting president of the Atlantic Institute for Market Studies, [www.aims.ca](http://www.aims.ca), a non-partisan public policy think tank based in Halifax.

**“Finally, let's be clear. Contrary to what governments have been saying for a generation, EI premiums are a tax, a tax on jobs .... the Canadian Taxpayers Federation (CTF) have made that abundantly clear time and time again. The higher the premiums, the higher the cost is for employers to have employees, the fewer jobs – simple.”**



The return of the

# Bloated Bureaucracy

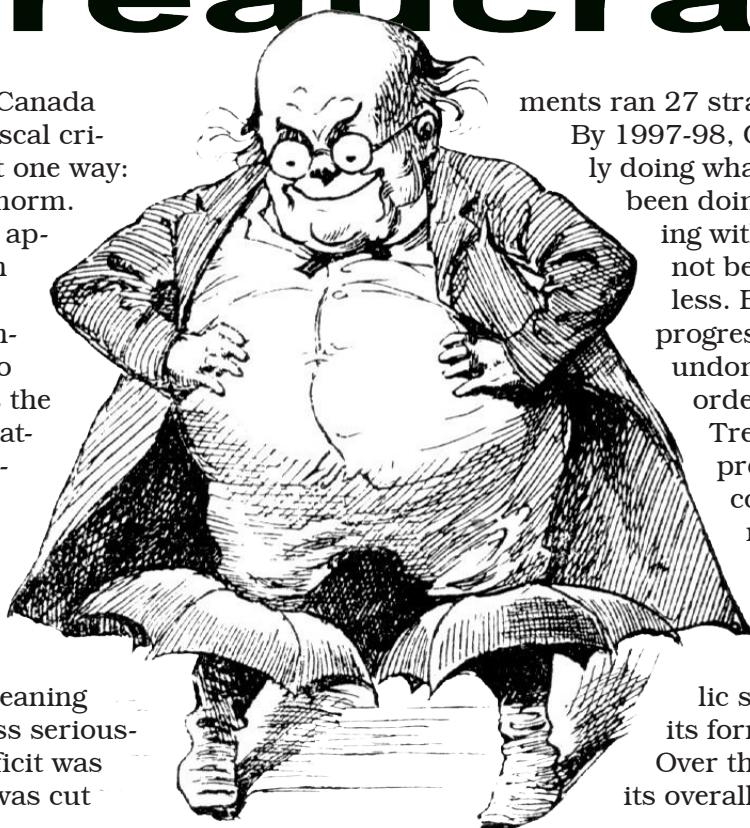
In the early 1990s, Canada was in full-blown fiscal crisis. Spending went one way: up! Deficits were the norm. The national debt was approaching \$600-billion and the public service was growing out of control. Something had to be done or Canada, as the *Wall Street Journal* stated, was destined to become a "candidate for membership in the Third World."

To its credit, the Liberal government, led by Jean Chrétien, took the task of cleaning up Canada's fiscal mess seriously. The \$42-billion deficit was eliminated, spending was cut and the size of the government reduced. In the early 1990s, there were approximately 245,000 core public service jobs. Between 1994 and 1998, 75,000 jobs

were eliminated to help eradicate the deficit. This resulted in the books being balanced in 1997-98 for the first time since 1969-70. Previous to 1997-98, successive federal govern-

ments ran 27 straight deficits. By 1997-98, Canada was finally doing what it should have been doing all along: Living within its means and not being fiscally reckless. But despite that progress, it has all been undone since. A study ordered by former Treasury Board president Reg Alcock in 2004 was made public in late July and its conclusions are startling: The federal public service is back to its former bloated size. Over the past ten years, its overall cost to taxpayers has increased by 50 per cent.

Restraint is out the window once again in official Ottawa as spending is skyward and government grows bigger. The study shows that by



**“In 2002-03, the average salary in the federal public service was \$73,400 including benefits. In contrast, the average private sector salary, according to Statistics Canada was \$38,885. Only three per cent of federal bureaucrats make less than \$35,000.”**

2003, the number of civil servants jumped back up to 235,000 and that the total number of people employed by government had ballooned to 351,000 (full time and contract

workers) at an annual cost of \$28-billion. This does not include Crown corporations and other government agencies.

But it gets worse. In 2002-03, the average salary in the federal public service was \$73,400 including benefits. In contrast, the average private sector salary, according to Statistics Canada was \$38,885. Only three per cent of federal bureaucrats make less than \$35,000. The study also shows that on average each employee took:

### **Bigger government costs more!**

- There are roughly 255,000 jobs in the core federal public service today, or 10,000 more than the 245,000 jobs in the pre-balanced budget era;
- Today, at an annual estimated cost of \$28-billion, more tax dollars are spent on maintaining big government than any other single program or service;
- On average, each bureaucrat costs taxpayers \$74,000 in salary and benefits; and
- Between 1998 and 2003, salary increases in the federal government were more than double increases found in the private sector.

- 17.3 days for vacations;
- 8.3 days for sick leave; and
- 1.6 days for family-related leave

To say that the cuts and downsizing of the mid-1990s were long overdue is an understatement. For almost thirty years politicians and parties of all stripes were irresponsible with tax dollars. Our national debt went from \$19.3-billion in 1969-70 (the last time, previous to 1997-98, that the federal budget was balanced) to an all-time high of \$562.9-billion in



**by Adam  
Taylor**

National Research  
Director

1996, a year before the books were once again in the black.

But the recent growth in government and spending shows that our politicians haven't learned and still don't get it. Balancing the budget year after year isn't enough. Canada's national debt today stands at \$453-billion and this cannot be ignored. By allowing government growth and spending to once again get out of control only keeps taxes high for citizens today and further handcuffs the taxpayers of tomorrow. All Canadians deserve better. ■

### **It's stressful being a bureaucrat (Who knew!)**

**“Of course I get more benefits and stuff, but I think I deserve them. I do a lot of work, and it’s stressful.”**

-Shannon Steele,  
civil servant

**“Our members work in a hostile work environment where they are subjected to discrimination and harassment in the work sites.”**

-Patty Ducharme, Vice President of the  
Public Service Alliance of Canada

**“I think the whole idea that public servants are somehow overworked is just a farce.”**

-John Williamson, federal director,  
Canadian Taxpayers Federation

# Who looks out for the taxpayer when political parties are embroiled in scandal?

by Alex Marland

**I**t's looking like political misdeeds in Newfoundland and Labrador deserve to be compared to the financial scandals of Saskatchewan's Devine government in the early 1990s.

Back in 1991, a clerk in the Saskatchewan legislature noticed some suspicious invoices. Communications allowance funds had been diverted since the late 1980s into a central account. The money was accessed using fake invoices that were unwittingly approved by the legislature's financial officials. A party staffer had set up

four shell companies to suggest that work was being performed. In reality, he and some politicians received payments and/or goods, which in one case included engraved merchandise. A dozen PC politicians and two party workers were convicted of collectively diverting \$838,000 of taxpayer money.



Fast forward to June 21, 2006. Newfoundland and Labrador Premier Danny Williams interrupts local suppertime news to announce the resignation of his Natural Resources Minister. The explanation? Evidence had been found of questionable spending by some Members of the House of Assembly (MHAs) from all political parties, including the minister.

Newfoundland's Auditor General (AG), John Noseworthy, released details soon afterwards. Three sitting and one past MHA allegedly submitted signed expense claims to collect hundreds of thousands of dollars. This greatly exceeded their funding intended to cover electoral district expenses (known as a "constituency allowance"). Receipts and cancelled cheques were cited as evidence.

Noseworthy also revealed that between 1999 and 2005, three companies received \$2.8 million for selling hundreds of thousands of trinkets to MHAs. This included fridge magnets, lapel pins and key chains — not to mention \$750 engraved gold rings owned by some elected officials — from companies apparently operated by the legislature's director of financial operations. As in Saskatchewan, many of the goods never existed, the AG claimed.

Noseworthy concluded that internal purchase controls in the Newfoundland legislature were "basically non-existent."<sup>1</sup> He also found

“All told, upwards of \$4 million has been questioned so far, much of it centering around the former director of financial operations ...”

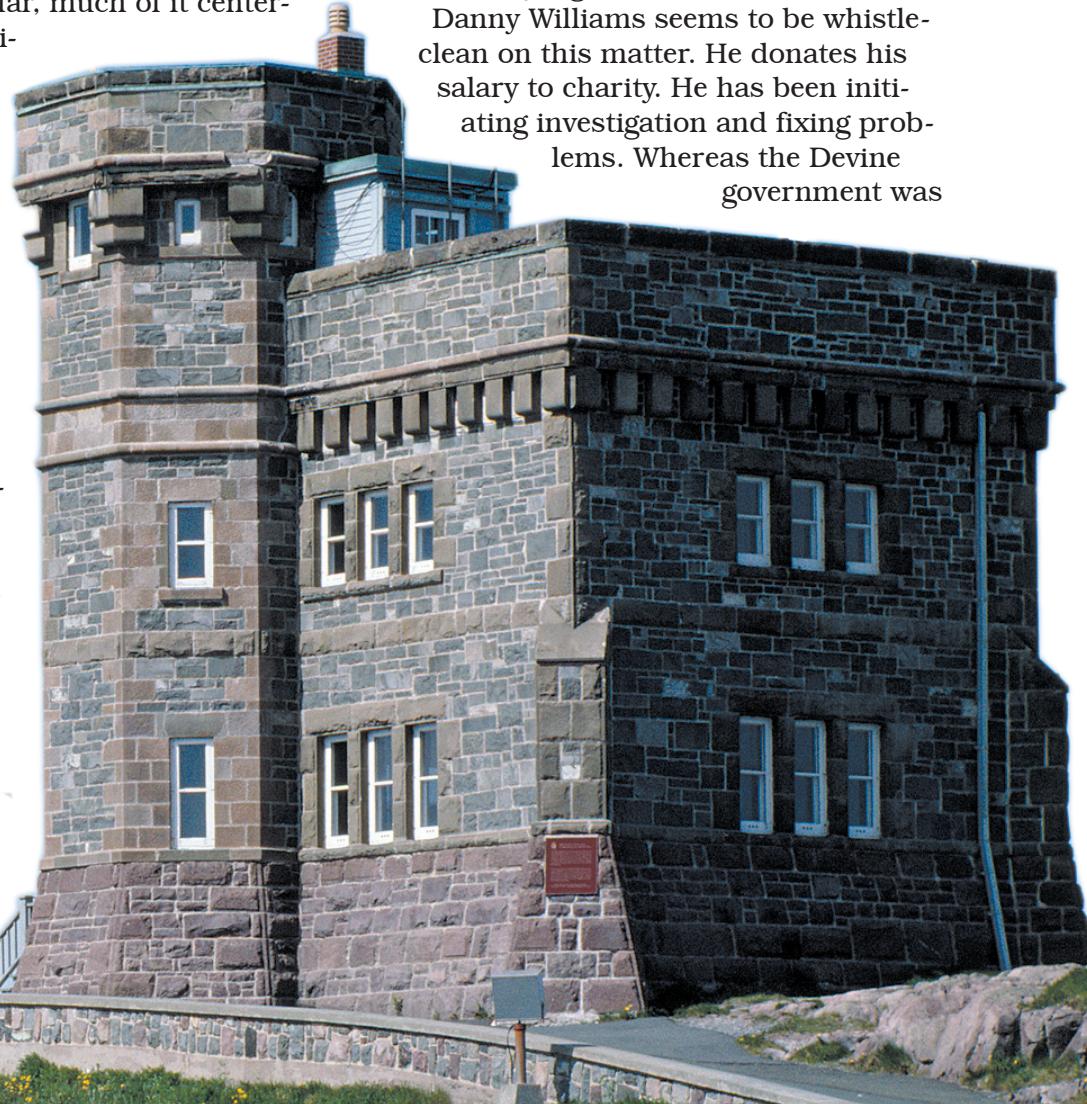
# or when all political scandal?

evidence of double-billing by some MHAs. Furthermore, 46 of 48 MHAs had accepted a \$2,875 top-up payment in 2004 (Williams was not one of them). All told, upwards of \$4 million has been questioned so far, much of it centering around the former director of financial operations – roughly five times as much as in Saskatchewan.

Although Devine himself was never implicated a key difference is that the current Premier of Newfoundland deserves credit for ethical behaviour. Soon after he took office in 2003, Williams gave permission to the Auditor General to look at the legislature's books. This overturned the secretive bipartisan Commission of Internal Economy that had denied the former AG's request in 2000. Williams didn't stop there. He allowed the AG to review constituency allowances back to when they

were established in 1989. He commissioned Chief Justice Derek Green to review the compensation system for MHAs. Green's May 2007 report raised concerns about a "broad-based systemic failure" in the legislature and made 80 recommendations.<sup>2</sup> Within a month the Williams administration passed new accountability legislation.

Danny Williams seems to be whistle-clean on this matter. He donates his salary to charity. He has been initiating investigation and fixing problems. Whereas the Devine government was

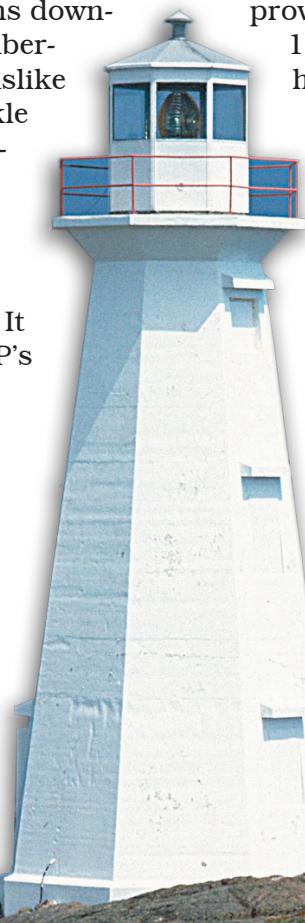


obliterated, opinion polls in February 2007 and May 2007 pegged the Williams administration's popularity at 73%.<sup>3</sup>

But unlike Saskatchewan it is a serious source of concern that the cloak of all-party political secrecy continues. Williams downplayed calls for a public inquiry. Liberal and NDP officials expressed a dislike of how the AG let information trickle out. The new accountability legislation passed with little public scrutiny. Political parties would not comment when a sitting MHA was charged in July 2007 nor when he was kept on in the Liberal caucus. It is particularly baffling that the NDP's

**“**Danny Williams seems to be whistle-clean on this matter. He donates his salary to charity. He has been initiating investigation and fixing problems. **”**

new leader Lorraine Michael has not been more outspoken. The subsiding interest, lack of journalistic probing and limited voter anger suggests the public's acceptance of political rot, its extreme



confidence in Premier Williams, or both.

Stay tuned. Before the October 2007 provincial election the Auditor General is set to describe what the approximately 17,000 constituency allowance claims made by 125

provincial politicians has bought since 1989.<sup>4</sup> Already, some current MHAs have admitted to renting office space from themselves, while a former

minister is suspected of claiming over \$30,000 for wine and artwork. Meanwhile, the Royal Newfoundland Constabulary is continuing its criminal investigation, and the matter is finding its way to the courts.

All of this points to the importance of the Office of the Auditor General, as well as a need for non-partisan advocacy watchdogs such as the Canadian Taxpayers' Federation, to ensure that the public interest is at the forefront in Newfoundland politics. ■

*Alex is an Assistant Professor in the Department of Political Science at Memorial University of Newfoundland.*

### Addendum:

Since this article was written, the province's Auditor General has completed his scrutiny of constituency spending since 1989. His report details questionable purchases by many (not all) current and former MHAs from all parties, including alcohol, hockey tickets, a \$319 Cartier pen and even underwear. The report is available at <http://www.ag.gov.nl.ca/ag/special/2007MHA/MHAReport2007.pdf>

### Footnotes:

1 Report of the Auditor General, "Payments Made by the House of Assembly to Certain Suppliers" (June 21, 2007). Available at <http://www.ag.gov.nl.ca/ag/2006Special/Suppliers/SuppliersReport.pdf>

2 J. Derek Green, *Rebuilding Confidence: Report of the Review Commission on Constituency Allowances and Related Matters* (May 2007). Available at <http://www.gov.nl.ca/publicat/greenreport/>

3 Corporate Research Associates Inc., "Support For Ruling NL PCs Remains High" (June 5, 2007). Available at <http://www.cra.ca/en/home/Newsroom/SupportForRulingNLPCsRemainsHigh.aspx>

4 CBC news, "Earlier N.L. audit: Taxpayers' money bought politician art, wine" (July 25, 2006). Available at <http://www.cbc.ca/canada/newfoundland-labrador/story/2006/07/25/earlier-audit.html>

# Around the CTF

Each month, CTF offices in five provinces and Ottawa handle hundreds of media interviews and inquiries, hold press conferences, publish reports, make presentations to government and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. CTF representatives also speak at functions and organize major campaigns nationally and in the provinces that lead to public policy change. The following highlights activities for the months of July and August 2007:

## JULY

**BRITISH COLUMBIA:** The CTF blasts cost overruns at the Vancouver Trade and Convention Centre now surpassing the infamous "fast ferry debacle" of the previous NDP government. Slated to cost \$495-million, the price is now pegged at \$833-million. Director Maureen Bader states if the project could not float as a P3 than it should have sank.

**MANITOBA:** After months of CTF requests and a rec-

ommendation from the ombudsman, the NDP government still refuses to detail expenditures related to the "Spirited Energy" advertising campaign conveniently launched before the recent provincial election. Director Adrienne Batra repeats the call for an end to all government feel-good advertising.

**ONTARIO:** The CTF continues to lead opposition to the imposition of upwards of 8 new taxes in the city of Toronto with a phone-in campaign dubbed "Black-

Your CTF took the federal government to task over its exaggerated tax cut claims.

## TAX CUTS

# Gov't claims 'overstated'

By ERIC BEAUCHESNE  
CanWest News Service

OTTAWA — The federal Conservative government is again being accused of exaggerating the amount of tax relief it has given Canadians.

Not only is the relief in the past two Tory budgets nearly \$9-billion less than claimed, it is less than was given to Canadians by the former Liberal government in a single budget, says the head of a taxation watchdog group.

"It is no surprise to Canadians that politicians routinely exaggerate accomplishments and overlook inconsistencies," John Williamson, federal director of the Canadian Tax Federation, noted in an analysis Wednesday.

But claims by the government — reiterated



government is committed to further tax cuts. Still, Flaherty's own budget shows that under the Liberals the personal income tax rate was lowered and under the Conservatives that it was raised.

"The lowest personal income tax rate was reduced to 15 per cent from 16 per cent effective January 1, 2005. The rate is 15.5 per cent effective July 1, 2006," the Finance Department says in an appendix to Flaherty's first budget. "Accordingly, the full-year rate is 15 per cent for 2005, 15.25 per cent for 2006, and 15.5 per cent for the 2007 and subsequent taxation years."

This is not the first time the Conservative government has been accused of exaggerating the amount of tax relief it has delivered.

After Flaherty's first budget, the CTF

# Around the CTF

New taxing powers for municipalities was a hot issue for your CTF over the summer.

Tax Friday," releasing a poll showing 74% opposed and encouraging a "Creative Solutions Panel" as an alternative to more taxes. The effort paid off July 16th when Toronto city council voted 23-22 to suspend implementation of any new taxes until October.

Activity Report July and August 2007		
Office	Media Interviews	Events/ Speeches/ Letters/Releases/ Reports/Meetings/Etc.
Ottawa	126	23
BC	101	23
Ontario	93	35
Alberta	74	15
Manitoba	61	24
Sask*	-	-
<b>Total</b>	<b>424</b>	<b>120</b>

\* Director post vacant

## AUGUST

FEDERAL: The CTF says "told you so" in response to a federal government report that states Kyoto implementation would devastate the economy, costing 276,000 job losses and a 6.5% drop in GDP. Director John Williamson points out similar findings were released by the CTF five years ago.

BRITISH COLUMBIA: Decrying rising auto insurance rates in each of the last three years, director Maureen Bader points out rates are going down in Alberta, Ontario and many parts of Atlantic Canada where auto insurance competition exists. The CTF repeats its call for an end to the province's auto-insurance monopoly.

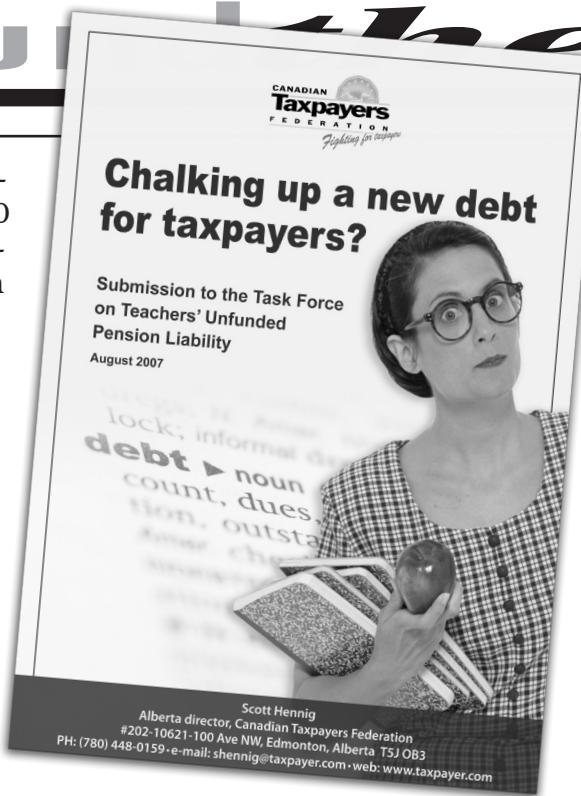
ALBERTA: The CTF makes a submission to a government task force examining a request from teachers to pay out their share of a \$2.1-billion unfunded pension liability. Director Scott Hennig says the government should not be

saddling the average Alberta household \$2,400 without something substantial being offered in return by the teachers.

**ONTARIO:** The CTF blasts a \$5.5-million corporate welfare handout by the McGuinty government to the maker of Tic Tacs and Rochers Chocolate. Director Kevin Gaudet points out the U.S.-based parent company Ferrero is profitable and the McGuinty government needs to get its priorities straight with tax dollars.

**SASKATCHEWAN:** After five years, director David MacLean announces he will be leaving the CTF. MacLean welcomed recent cuts in sales tax and business tax reforms, pointing out Saskatchewan's Tax Freedom Day fell further than any other Canadian jurisdiction in 2007.

**FEDERAL:** Dubbing it an "enormous exaggeration" the CTF challenges the Harper government's claim of having cut taxes \$41-billion over three years by releasing analysis showing the amount is overstated by \$8.8-billion. Director



John Williamson points out the Conservative government is wrongly including past Liberal tax cuts and new spending programs as part of its tax relief figure.

**ALBERTA:** CTF director Scott Hennig delivers a petition to Edmonton City Hall demanding a 21% pay and benefit hike for the mayor and city councillors be put on the fall ballot. Hennig says councillors have no mandate to increase their benefits so dramatically and still exclude a third of their salaries from federal and provincial income taxes. Council rejects the petition while the CTF vows to remind voters at election time.

Director Scott Hennig says Alberta taxpayers should not be on the hook for shortfalls in the teachers' pension plan without something being offered in return.

# Indigenous & Independent

by Joseph Quesnel

## Aborigines need rights too!



**I**t's time Aboriginal people be given the same individual rights as other Canadians.

As American President John F. Kennedy once said, echoing abolitionist Abraham Lincoln, the nation can no longer live half-slave

and half-free.

During slavery, the conscience of society was scandalized by the fact that oppression was allowed to continue in the midst of freedom.

In Canada, the parallels are not as extreme, but the point is similar. There are two classes of citizens in this country.

It is unconscionable that Aboriginal organizations and Opposition parties continue delaying Bill C-44, a piece of legislation that will finally pull Native people under the Indian Act into the 21st century through the provision of human rights.

While supporting the largely symbolic United Nations Declaration on the Rights of Indigenous Peoples, they fight against a concrete human rights bill at home that will make a real difference in people's lives.

Aborigines living in communities governed by the Indian Act are exempt from

**“Someone needs to say that Aboriginals, like everyone, deserve fundamental human rights that transcend cultural background. If cultural practices condone oppression, one should question if such practices are worth preserving.”**

the Canadian Human Rights Act. This means they cannot file discrimination suits against band governments or Indian Affairs if their rights have been violated.

The Conservatives introduced C-44 to change all this, but Native leaders and the Canadian Human Rights Commission asked for more time to prepare for implementation of the law, even as long as three years. But, it is becoming apparent that the extra time is being used to water-down individual rights.

First Nation leaders are making the odd argument that granting individual rights will somehow “threaten” their cultural identity, as if protecting individual oppression



were a positive cultural value.

Someone needs to say that Aboriginals, like everyone, deserve fundamental human rights that transcend cultural background. If cultural practices condone oppression, one should question if such practices are worth preserving. Culture is fluid and evolves over time and can incorporate human rights norms. White societies historically held to cultural practices that

# Indigenous & Independent

by Joseph Quesnel

changed over time. Why are Native people any different? Aboriginal societies have already changed by embracing aspects of both modernity and tradition in their lives.

Aboriginal people deserve accountability from their governments. This is how it was under their traditional societies.

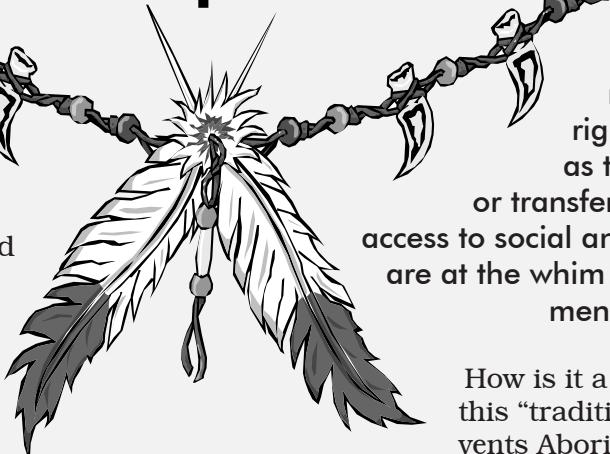
They have a right to know how their money is spent, like anyone else. This is why so many grassroots Aboriginals were cautious about the Kelowna Accord as they knew the money would be filtered through unaccountable band governments and not reach the masses.

Mary Eberts, a lawyer for the Native Women's Association of Canada, when asked in legislative committee if she wants Aboriginal women to have the same rights as other women, replied that, "No, if it means that they will lose the essentials of their Aboriginal identity and their Aboriginal collective existence."

Referring to land, she said, "It is communal, collective. All of the lands of a reserve are held for the benefit of all of the people and that goes directly against a highly individualized concept of human rights."

She does not bother to question if this denial of individual rights is a positive thing. It is the case that collective land tenure was a feature imposed on Aboriginal societies by the Canadian government through the Indian Act. There is nothing intrinsic about complete collective ownership within Aboriginal society. There is scholarly evidence that Aboriginal societies held varying levels of family and individual property ownership.

The collective ownership of land on reserves already prevents Native businesses from accessing business loans, as they cannot place their land as collateral. It is also illegal for banks to confiscate land on reserves if they default.



“Natives already have few rights as individuals as they cannot own or transfer property. Their access to social and health services are at the whim of band governments.”

How is it a cultural good if this “traditional” value prevents Aboriginals from accessing the mainstream economy and forces them to live in poverty?

Native leaders and the Human Rights Commission argued that Aboriginals need an “interpretive clause” included in Bill C-44 to allow for a “balancing” of individual and Aboriginal collective rights. But, Natives, rightly or wrongly, already have collective rights through Section 35 of the Constitution. An interpretive clause would only create opportunities for collective mistreatment. Preventing individual Aboriginals from accessing their rights through a cultural argument is unnecessary.

Natives already have few rights as individuals as they cannot own or transfer property. Their access to social and health services are at the whim of band governments. Their band membership, and access to benefits, is under the control of government.

Providing access to human rights protection would grant them their first taste of individual rights. Already urban Aboriginals are able to own their own home, earn their own livelihood, pay taxes, and access Canadian courts for recourse. Natives on reserves deserve no less. ■

A Metis, Joseph Quesnel is editor of the Winnipeg-based Aboriginal newspaper *First Perspective* ([www.firstperspective.ca](http://www.firstperspective.ca)) and a regular contributor to the *Winnipeg Sun*. Joseph is a long-time advocate for limited government.

## Green taxes and subsidies

## Courtesy of the taxpayer

H ave you stopped to think about why governments, both federally and in BC, have jumped onto the green-house-gas (GHG) reduction bandwagon? Well, your CTF has, because it is translating into new taxes and wasteful subsidies.

First, some background. Prime Minister Stephen Harper had called the Kyoto Protocol, the agreement that committed Canada to big GHG reductions, a money-sucking socialist scheme. When GHGs became a hot political topic, Harper did an about face on Kyoto and created a plan to reduce GHGs.

What happened next? The BC Liberal government announced its intention to reduce GHGs, scooping that issue from the NDP in preparation for the May 2009 election. So, just as Harper took GHGs away from his opponents federally, the BC Liberals hijacked the GHG issue from the NDP.

Swiping the GHG issue wouldn't be so bad if it only meant paying lip service to unachievable GHG reduction goals. Unfortunately, taxpayers will be paying a lot more than

lip service. BC consumers will be paying a new hydro tax (look for that on your September bill) to fund government-selected green energy projects.

Taxpayers will be funding a \$10 per megawatt hour subsidy to favoured green power companies

...”

Climate Action Secretariat in the premier's office. Not only that, the federal government is giving \$200 million to the province to support provincial projects that reduce GHG emissions and air pollutants.

Governments say they are doing all this because GHGs supposedly lead to catastrophic global warming. However, NASA's Goddard Institute for Space Studies, the source of data for the global warming claim, recently corrected an error in its data and now shows that temperatures aren't warming up as they first thought. Now, instead of 1998 being the hottest year since 1880, 1934 is (1998 is the second, 1921 is third). So



much for a steady increase in global temperatures.

Greenhouse gas reduction talk makes a handy rallying point for politicians prepar-

ing for the next election, but it is costing real money. Your CTF continues to speak out to bring a voice of restraint to this political opportunism. ■

# BC Budget Surplus

**I**t's nice to know the BC government is rolling in big surpluses ... or is it? The BC Liberal government sensibly outlawed forecasting a budget deficit in 2002. Now, at least, governments can't plan to have a deficit. That doesn't mean they can't actually have a deficit, however. In fact, BC has had a budget surplus for the past three years in a row. That's pretty good considering we only had three budget surpluses in the 20 years between 1980 and 2000.

Budget surpluses mean we are paying too much tax. Your CTF is working to ensure the government continues to cut taxes. Still, we have a \$34 billion debt to pay off. Your CTF is calling for the government to pass legislation to pay down debt, just as it passed legislation to outlaw planning to have a budget deficit.

Why is debt reduction important for BC? We currently use about 7% of provincial tax revenue to make interest payments on the debt, to the tune of about \$6 million dollars per day. We pay that interest to bondholders. That money could be spent on hospitals, schools, infrastructure, and further tax relief. Right now, the government has no legislated debt-reduction plan.



It depends on fuzzy promises to keep the debt-to-GDP ratio low and pay half the forecasted surplus toward debt reduction. Neither of those promises mean the debt will continue to fall. Your CTF is calling for a legislated debt reduction plan to cement the gains BC has experienced over the past five years for future generations. ■



by **Maureen Bader**  
British Columbia Director

**“Your CTF is calling for the government to pass legislation to pay down debt, just as it passed legislation to outlaw planning to have a budget deficit.”**

## ICBC Profits

**Y**ou are no doubt pleased to hear that profits at ICBC, your monopoly auto insurance dealer, increased 132 per cent in the first six months of 2007. You probably think we policy holders would get a break on our basic auto insurance cost, the one we have no choice but to buy at ICBC. Well, we won't. Basic auto insurance rates increased 3.3 percent last May. Not only have your auto insurance rates gone up, performance bonuses paid to ICBC executives and management increased 30% in 2006 from 2005 levels. Is that where our money should be going? ICBC is a monopoly. They face no competition for basic insurance. How then, are performance bonuses justified? Performance relative to what?



Without competition, we will continue to be abused by the auto insurance monopoly. Your CTF is working for freedom of choice in auto insurance. Be sure to sign our petition to end the ICBC monopoly, on our website, at [www.taxpayer.com](http://www.taxpayer.com). ■

# Alberta New **debt** for taxpayers?

**B**asically since the inception of the Alberta teachers' pension plan in 1939, the pension fund has had an "unfunded liability."

In 1992, the Alberta Teachers' Association (ATA) and the Alberta government sat down to address the debt. The ATA, on behalf of teachers, agreed to accept one-third of the pre-1992 unfunded liability as their debt. The Alberta government, on behalf of taxpayers, agreed to accept two-thirds of the pre-1992 unfunded liability as taxpayers' debt.

The pre-1992 unfunded liability is worth a combined \$6.4-billion. But remember, this is two debts. Teachers have a debt of \$2.1-billion and taxpayers have a debt of \$4.3-billion.

Now, here's the rub. The ATA now says the government should pay-off the teachers \$2.1 billion share of the debt as well.

But, in order for taxpayers to even fathom a re-negotiation of the 1992 deal (which could cost Albertans

\$600 each – that's \$2,400 for a family of four), teachers would have to offer something very, very substantial in return.

We don't know what they're going to offer, but we do know in 2002, then Learning Minister, Dr. Lyle Oberg, offered on behalf of taxpayers to take on the teachers' portion of the debt in return for ten years of labour peace. Incredibly, the ATA rejected the offer.

The ATA clearly felt the 2002 offer was a bad deal for teachers, but perhaps taxpayers should have sighed with relief as well, as the 2002 offer was a

bad deal for taxpayers too.

A new government task force has been reviewing the unfunded liability issue and will be reporting back at the end of October.

In August, your CTF met with the task force and presented a report entitled "Chalking up a new debt for taxpayers?"

The key recommendations include:

- The Alberta government rejects any offer involving labour peace, and declare education an essential service, thereby making teacher strikes illegal;
- The Task Force request a full actuarial study into the benefits of moving all



by **Scott Hennig**

Alberta Director

Alberta director Scott Hennig (L) delivers a 2,700 name petition to Edmonton City Councillor Mike Nickel calling for Edmonton City Council to put its council pay raise to a referendum.



new teachers into a reformed “defined-contribution” pension plan;

- The Task Force recommend the Alberta government consider retaining the 1992 deal as the most “reasonable long-term solution;” and
- The Task Force recommend the Alberta government require a full public referendum prior to any signing of a new Memorandum of Understanding. ■

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Call the Minister of Education, Hon. Ron Liepert at 780-427-5010 (toll-free by dialling 310-0000 first) and tell him not to chalk up a new debt unless taxpayers benefit.



## Would you like a \$400 cheque every year?

The Alberta government has \$48.5-billion in net financial assets. However, all but about \$18.5-billion is either tied up in accounts receivable, unrealized equity, or earmarked for future spending or debt repayment.

That \$18.5-billion of taxpayers' money generates interest every year. In fact, the Alberta government received over \$3-billion last year in investment income. Unfortunately, the vast majority of that income was spent as soon as the government got its hands on it.

But it doesn't have to.

The Alberta government has initiated a review of Alberta's savings and investment funds. This new commission, chaired by former C.D. Howe Institute president, Dr. Jack Mintz, has been tasked with determining whether Alberta's current ad-hoc savings plan, and spending-the-interest plan is benefiting taxpayers.

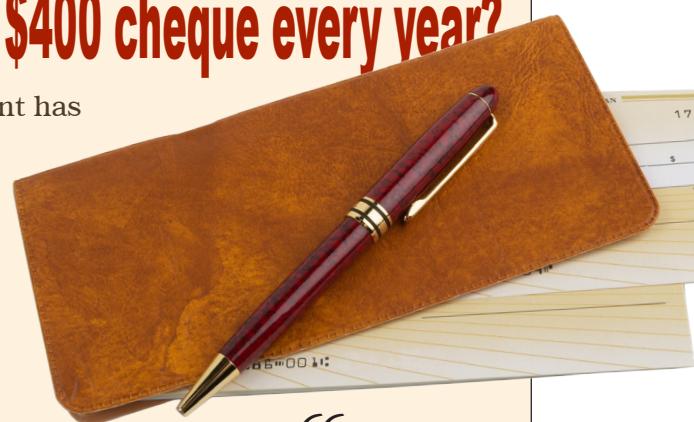
In 2001, your CTF commissioned Dr. Wen from the University of Calgary to answer the question: “How long would it take for Alberta to be completely income tax free, if the Alberta government put 50 per cent of resource revenues into the Heritage Fund every year and used the interest generated to cut taxes?”

By 2015.

Moreover, last year the \$35-billion Alaska Permanent Fund kicked-out enough interest money to write every Alaskan a cheque for \$1,107.

How would you like not having to pay taxes in Alberta? How would you like getting a cheque for \$1,107 every year?

The only way it will ever happen is if the Alberta government stops spending like drunken sailors and starts putting a percentage of non-renewable resource revenues into the Heritage Fund every year. ■



Moreover, last year the \$35-billion Alaska Permanent Fund kicked-out enough interest money to write every Alaskan a cheque for \$1,107. ■

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Time for Action: Send the commission an e-mail at [tipac@gov.ab.ca](mailto:tipac@gov.ab.ca) or send them a fax at (780) 427-2435 and tell them to start making the Heritage Fund work for you.

# Saskatchewan

The government's raking it in –

# are you?

by David MacLean

**T**he provincial government's first quarter results are in and things are looking pretty rosy these days. An unbudgeted windfall of equalization money from Ottawa and increased oil and gas revenue results in a gusher of cash for government, but relief for weary taxpayers is but a trickle.

"Our government continues to make debt reduction a priority," Finance Minister Pat Atkinson trumpets in the government's press release. "First Quarter improvements, together with a higher-than-expected 2006-07 surplus, mean that forecast government debt will drop by \$400 million."

Not so fast, minister! Before you go ahead and make impressive-sounding proclamations about dramatic debt relief, you should give taxpayers the whole story. Yes, provincial debt is forecast to be \$400 million lower than budgeted, but the government still plans to withdraw \$349 million from its "fiscal stabilization fund."

In case you missed it, the government is raking in money like never before.

In fact, government revenues are forecast to be 37 per cent higher than was budgeted in 2001. To put it another way, the province is collect-

ing nearly \$9,000 more per family of four than it was when Premier Calvert took over in 2001 — an embarrassment of riches. Yet they still plan to draw down from the provincial savings account in order to pay the bills.

As of the end of the first quarter, the government is \$100 million over budget. Expect that to get much, much worse. It is an election year after all! Hardly a day goes by without another big spending announcement. There was millions for Regina to renovate its hockey arena and surrounding barns for Agribition.

**“To put it another way, the province is collecting nearly \$9,000 more per family of four than it was when Premier Calvert took over in 2001.”**

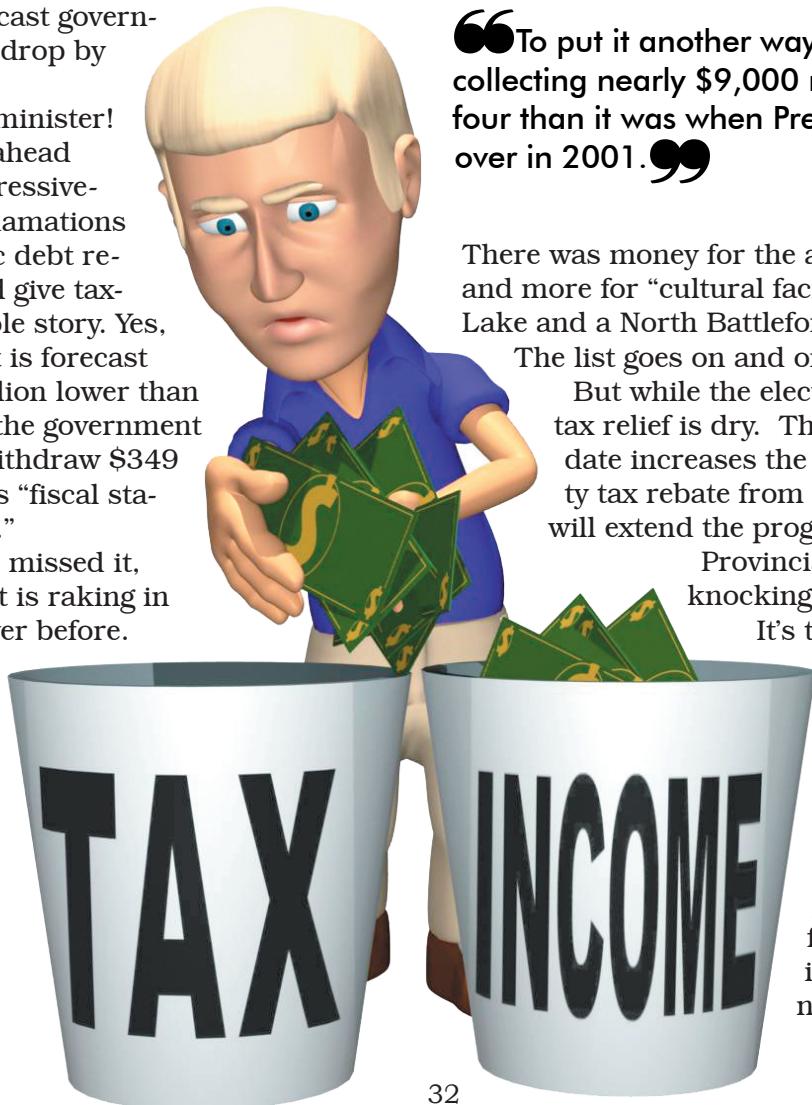
There was money for the arena in Moose Jaw and more for "cultural facilities" in Meadow Lake and a North Battleford recreation centre.

The list goes on and on.

But while the election goodies flow, tax relief is dry. The first quarter update increases the education property tax rebate from 8 to 10 per cent and will extend the program until next year.

Provincial MLAs will be knocking on doors this fall.

It's the one window every four or five years that taxpayers genuinely have their attention. As the first quarter results attest, this election provides a great opportunity to finally secure meaningful and permanent tax relief. ■



– Forget rent controls and subsidies –

# get rid of school taxes

You can't go anywhere these days without hearing about real estate prices. It seems everyone is talking about how much their house is worth, which neighbour sold and for how much, and asking whether the real estate boom can last.

It's a refreshing change, actually. For years, growth in Saskatchewan property values has lagged behind most other provinces – reflecting a flat economy and mass out-migration. It's like Saskatchewan has been missing out on the party all these years, and homeowners finally got their invitation.

Regardless of whether or not the rapid rise in real estate prices continues, it's still good news for the economy. It reflects positive earnings growth among Saskatchewan workers, renewed consumer confidence and an historic resource boom. What's so terrible about that?

The flip-side of the coin is that rising rents create hardships for the poor – it's argued – and high home prices mean fewer people can enjoy home ownership. Landlords are cast as opportunistic villains capitalizing on an out-of-control market by extorting ever-increasing rents from powerless tenants.

There are already whispers that the government should do something about it. What that usually means is millions of tax dollars to subsidize low-income housing and rent control laws. Newly-minted finance minister Pat Atkinson has mused about the need for more public housing and members of the media are starting to talk about the dire need for government intervention.

The problem with rent controls and public

housing is they don't achieve the desired objective – low-cost, high-quality housing. That's because when the government limits how much people can charge for rent the only certain outcome is reduced supply and quality. When rents are kept unnaturally low it creates a strong incentive for landowners to sell off, convert apartments to condominiums or ignore maintenance requirements.

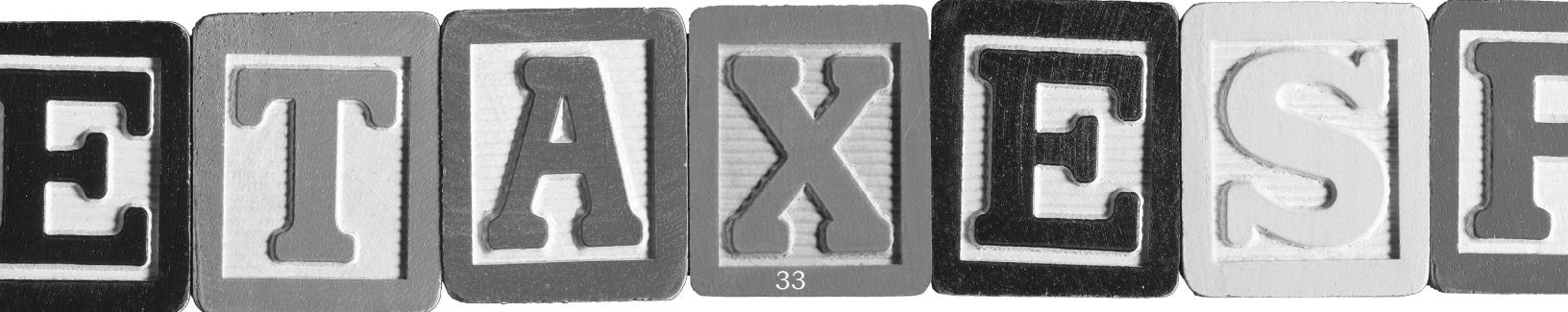
Rather than creating new rental opportunities, they're reduced which leads to higher prices and deteriorating living conditions for existing renters.

Likewise with subsidized housing schemes, which dramatically undercut private-sector investors. Take away the ability to earn a living renting out properties, and you'll predictably have fewer people interested in investing in real estate. You wind up with increasing demands on government to provide housing for people, and higher rents for those who don't qualify for government subsidies.

If the government wants to help people feeling the pinch from rising house prices it ought to first look at the factors it directly controls. First among them are school taxes – which by some measures are the highest in Canada and rising quickly. Moreover, they are regressive in that they hurt low-income homeowners and renters more than well-off ones.

It's astonishing that the government would invest millions in inner city housing projects (the slums of tomorrow, today) and then turn around and slap an enormous school tax bill on a low-income family. ■

“When rents are kept unnaturally low it creates a strong incentive for landowners to sell off, convert apartments to condominiums or ignore maintenance requirements.”



# P3 commitment

## Manitoba

A new Transcona police station slated to begin construction by September of 2007 will be done using a model your CTF has been championing for years public-private partnerships, or P3s. The CTF congratulates Mayor Katz for keeping his commitment to find alternative funding structures for large capital projects.

What do P3s mean for taxpayers? Simply put, P3s mean taxpayers aren't saddled with major costs up front and will see the private contractor build, maintain or run a project in exchange for an annual fee.

What is unique about a P3 contract is that it has some

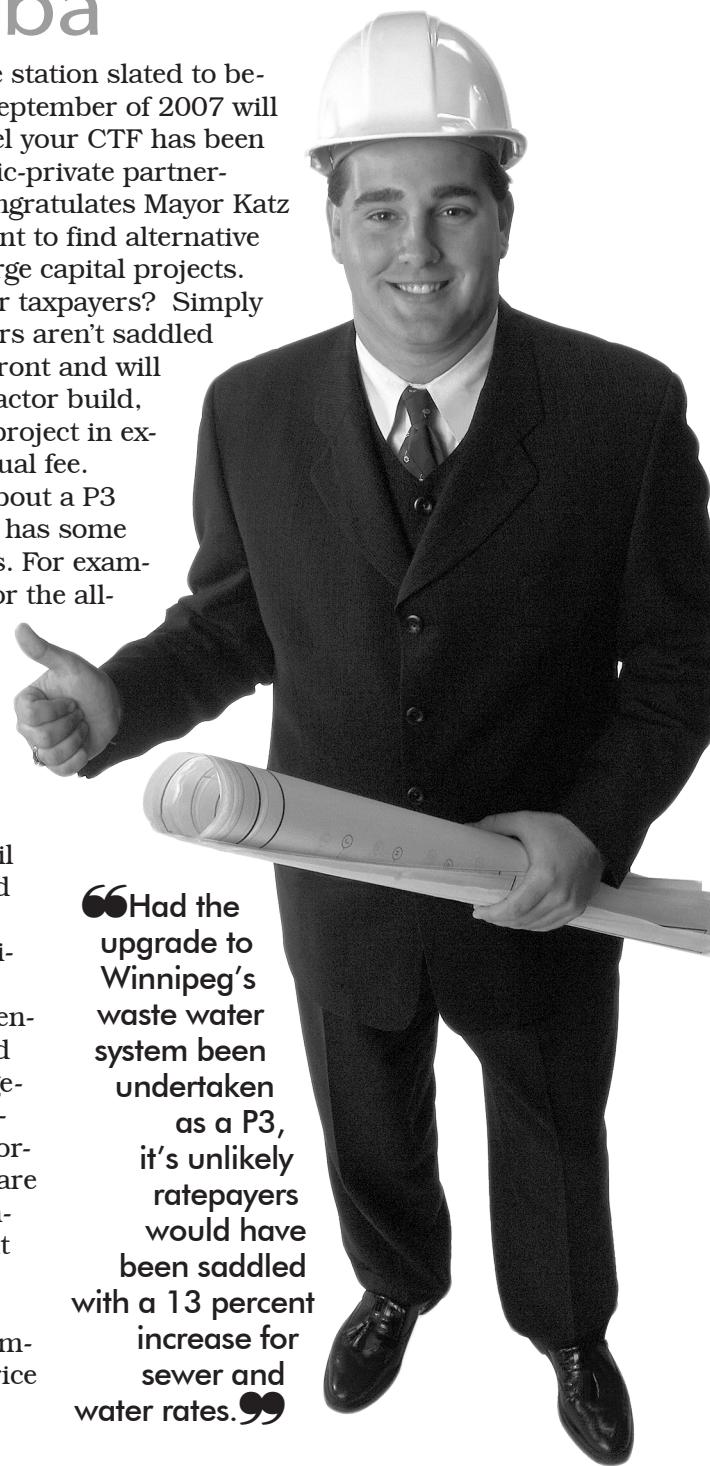
form of financial and quality assurance to protect taxpayers. For example, the private contractor, not taxpayers, are responsible for the all-too-familiar plea of "cost-overruns."

Had the upgrade to Winnipeg's waste water system been undertaken as a P3, it's unlikely ratepayers would have been saddled with a 13 percent increase for sewer and water rates.

When the provincial government ordered Winnipeg to improve its waste water system, the original price tag was around \$900 million. But a report submitted to city council shows that price tag has ballooned to \$1.3 billion and could go as high as \$1.8 billion.

To be sure, P3s have their critics. Some have an ideological bend against the private sector building public projects. Others raise concerns about a lack of transparency in the tendering process. The CTF agrees with the latter concern and recommends when any government enters into a P3 arrangement, the private contractor is told the contract will be subject to public disclosure. Under Manitoba's Freedom of Information and Protection of Privacy Act (FIPPA), third parties are protected under a confidentiality clause. This has the potential of undermining transparency and accountability when it comes spending taxpayers' money.

As construction cost overruns plague taxpayers for most public works projects, it is important that all politicians demonstrate leadership to protect taxpayers from ballooning price tags. It is safe to say city hall recognizes this problem and civic politicians deserve credit for finding alternatives. ■



Had the upgrade to Winnipeg's waste water system been undertaken as a P3, it's unlikely ratepayers would have been saddled with a 13 percent increase for sewer and water rates. ■

## Immobilizer Edict

You probably didn't hear about this during the election because it isn't proving to be very popular, but Manitoba's state-run auto insurance company, Manitoba Public Insurance (MPI) is now requiring motorists whose vehicles are on the "most at risk" list to install im-

mobilizers. Fail to do so by September 1, 2007 and you will not be able to re-new your insurance. And because of the monopoly, Manitobans have no other alternatives to insure their vehicles.

On the surface this may sound like a lauda-



ble plan to curb car theft which is on the rise in Manitoba, but dig a little deeper and this turns out to be nothing more than a government sanctioned edict designed to force the victims of car theft to do the work that government has failed miserably to do.

Aside from the obvious electrical problems that could occur in one's vehicle with the immobilizers, the NDP government is forcing rate-payers to subsidize the installation of these systems.

When questioned by the *Winnipeg Sun*'s Tom Brodbeck on the new regulations and how they came up with the "most at risk" list, one would need a map to figure out exactly what MPI said: "There are some differences in the regulated

**“It could only be a matter of time before the NDP and MPI collude to ensure every vehicle on Manitoba streets has an immobilizer, the problem is, they are punishing the innocent by taking away our choice.”**

lists but they do not result in any vehicle types being deemed no longer at risk. In the time between the two regulations, the corporation refined the way it described vehicles to better reflect the technical descriptions of some vehicles." In other words, if your vehicle was on the list and is no longer, you still need a government mandated immobilizer.

It could only be a matter of time before the NDP and MPI collude to ensure every vehicle on Manitoba streets has an immobilizer, the problem is, they are punishing the innocent by taking away our choice.■

## Spirited Energy – the saga continues

**B**ack in 2004 when the NDP government announced it was going to embark upon a "re-branding strategy" for Manitoba, your CTF predicted it would be a waste of time and money. Fast forward three years, and this prediction has materialized following the release of focus group data and invoices. Data the government only made available after a strong rebuke from the Ombudsman. Funny how information surfaces after the election!

The "Spirited Energy" saga, whose cost has now ballooned to \$2.8 million, has been a thorn in the side of taxpayers ever since the failed campaign was launched one year ago. The CTF, Official Opposition and the *Winnipeg Sun* have been asking for invoices and focus group data from the time the new slogan hit the airwaves, only to be confronted with massive bills for photocopying, denial of information and only partial requests fulfilled. The government tried to charge the *Winnipeg Sun* \$750 for the information, the CTF's freedom of information (FOI) requests were met with delays and then



by Adrienne  
Batra  
Manitoba Director

only partially fulfilled with no invoices provided.

The box of information that finally arrived at the CTF office, the size of a New York phone book, contained invoices for everything from hotel rooms to how much was spent on beer and wine. However, the most important information that taxpayers needed to gauge if they got value for money, the per unit breakdowns, was whited out.

The focus groups results would have stopped anyone dead in their tracks from launching this campaign. Some didn't understand the slogan, while others thought it would be appropriate for a Manitoba Hydro campaign.

The provincial auditor is conducting a full audit of this campaign. Results are expected by the fall, just in time for the legislative session.■



**“The focus groups results would have stopped anyone dead in their tracks from launching this campaign. Some didn't understand the slogan, while others thought it would be appropriate for a Manitoba Hydro campaign.”**

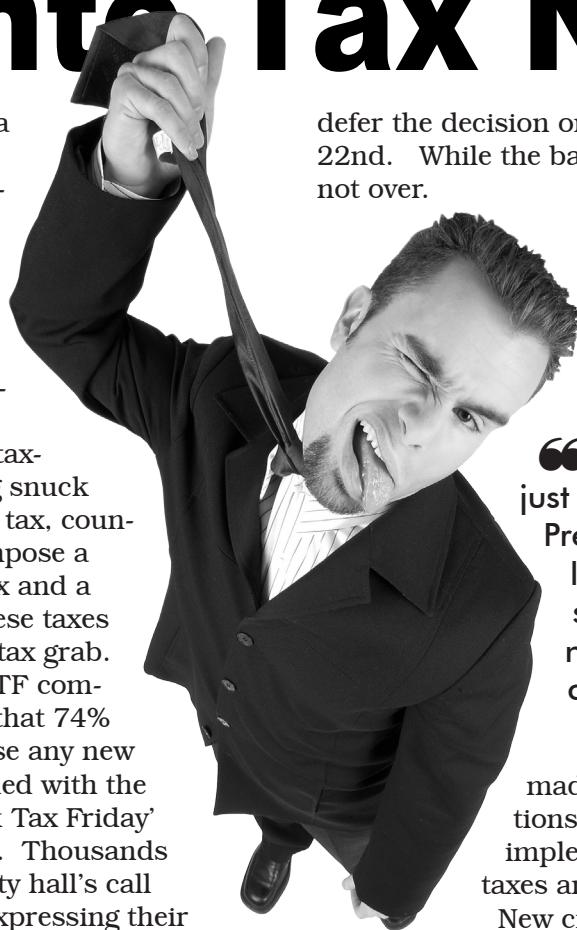
*Ontario*

# CTF campaigns but doesn't remove Toronto Tax Noose

The CTF helped win a brief reprieve from tax hikes for taxpayers whose wallets are under assault from Toronto city council. The mayor and council have been rushing madly to exercise new taxing powers given to the city by Premier 'I promise not to raise your taxes' McGuinty. After having snuck through their new garbage tax, council voted on a motion to impose a new vehicle registration tax and a new land transfer tax. These taxes amount to a \$360 million tax grab.

Prior to the vote your CTF commissioned a poll showing that 74% of people in Toronto oppose any new taxes being imposed. Armed with the poll, we organized a 'Black Tax Friday' protest on Friday the 13th. Thousands of Torontonians flooded city hall's call centre and e-mail server expressing their clear opposition to introducing new taxes. On the day of the vote a councillor read into the record the CTF petition opposing the new taxes. It was signed by over 1400 people.

By a 23-22 margin Toronto council voted to



defer the decision on new taxes until October 22nd. While the battle was won the tax war is not over.

The city should follow the Winnipeg model where the Manitoba CTF Director contributed to a city-sponsored panel that

“New city taxes aren’t just limited to Toronto both Premier McGuinty and PC leader John Tory have said they will consider new local taxes on a case-by-case basis.”

made substantial recommendations. Many of them have been implemented. As a result, local taxes are going down not up.

New city taxes aren’t just limited to Toronto both Premier McGuinty and PC leader John Tory have said they will consider new local taxes on a case-by-case basis. Your CTF will continue to oppose new taxes at the local level. ■

## Bridges and Tax Cuts not Cricket

The President of the Ontario Cricket Association says that if he had known he would have received \$1 million when all he had asked the Ontario government for was \$150,000, he would have asked for \$2 million. Thank goodness he didn’t.

Instead of throwing money at special-interest groups, the McGuinty government should be putting cash towards capital infrastructure like roads, bridges and highways, and providing tax relief so taxpayers themselves may choose

which interest groups they prefer to fund, if any. After all, it is our money so we should choose where it goes.

The Auditor General of Ontario (AG) recently issued a scathing report after investigating controversial Ontario government grants in excess of \$32 million given to organizations, some with Ontario Liberal Party connections. His report blasts the McGuinty government for its lack of planning, controls, or oversight when it poured out the money in a mad end-of-year

# Ontario

spending spree in 2006 and 2007. Sure, one minister resigned but only months after the scandal broke and only a few weeks before the election.

Many of the groups didn't even ask for money while others received far more than they had asked for. Still others were handled verbally with no formal application process and no outline of what the money would be used for. If the finance



by Kevin  
Gaudet

Ontario Director

minister had to follow private sector rules for managing taxpayer dollars, he would be in jail right now.

The choice is clear for politicians. It is between vote-buying program spending and investments in long-term infrastructure renewal. The answer is equally clear. Bridges and tax relief make better sense than cricket. ■

## Caledonia Negotiator **Horse Traded** to New Patronage Job

Ontario Premier McGuinty keeps bringing Jane Stewart into the winner's circle with patronage appointments. The former Liberal MP and cabinet minister, has won yet another juicy government appointment. This time she has been appointed to a \$700 a day job on a panel tasked with charting out the future of horse racing and breeding in Ontario.

When in opposition, Mr. McGuinty argued that the appointments process should be moved out of the premier's office citing its lack of objectivity. He urged the legislature follow recommendations of the Macaulay Report which proposed greater pre-appointment transparency and the creation of an administrative council to ensure qualified candidates both were sought and appointed. The premier turned his back on this position and keeps handing Liberal friends plum jobs. We can just add this one to the growing mountain of McGuinty broken promises.

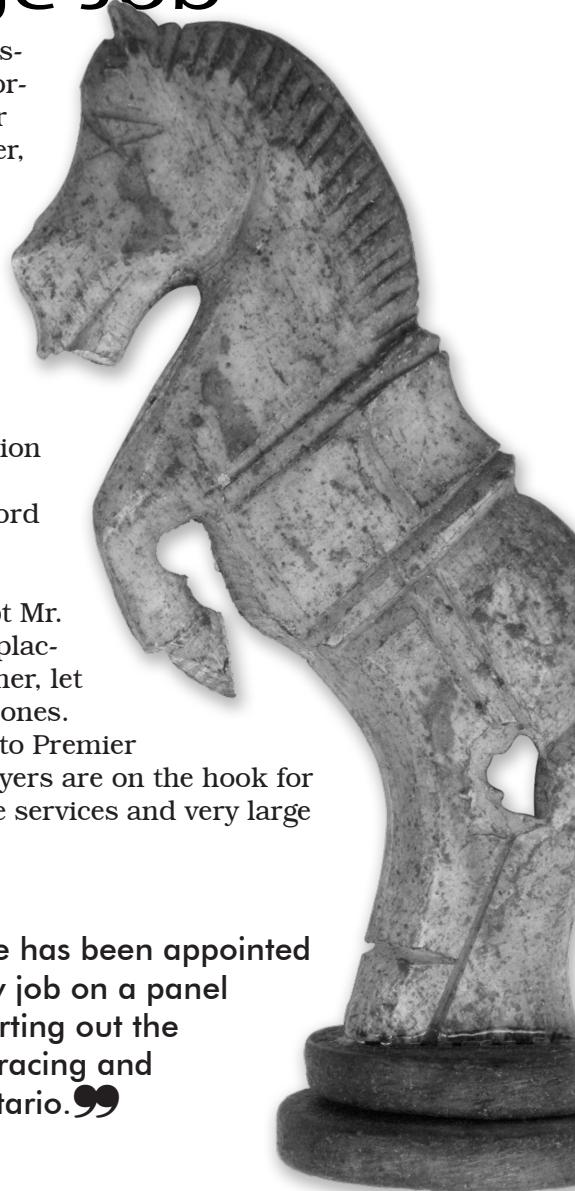
Stewart was handed her first appointment from McGuinty to be chief negotiator for Ontario regarding the Six Nations land claim dispute. For over 12 months Stewart 'handled' the file, billing taxpayers \$1,300 per day in fees. We know how much progress she made on that file — none. The Caledonia problem lingers on while Stewart has moved onto her next taxpayer-funded job.

With Stewart's record in Caledonia and as federal Minister for Human Resources, Ontario taxpayers and members of the On-

tario horse industry should be worried. During her watch as minister, the federal Auditor General (AG) issued a scathing report outlining waste and mismanagement of a billion dollar federal job creation fund.

Her track record both in and out of government should have kept Mr. McGuinty from placing any bets on her, let alone expensive ones. Instead, thanks to Premier McGuinty, taxpayers are on the hook for her questionable services and very large salary. ■

**“This time she has been appointed to a \$700 a day job on a panel tasked with charting out the future of horse racing and breeding in Ontario.”**



# Doom

## Tax picture not very pretty in la belle province

by Tasha Kheiriddin  
Guest Columnist

When it comes to life in Quebec, there is a lot to recommend. In terms of style, culture, food and design, the province's offerings are both distinct and hard to beat; a fusion of European charm and North American modernity. It's hard to find better cheese, better coffee, or better fashion. But alas, Quebec's *joie de vivre* has its dark side — and taxpayers see it all too clearly the minute they look at their pay stubs.

When it comes to taxes, Quebec's picture is far from pretty. Crunching the numbers reveals that Quebecers pay more in taxes, and more to administer their taxes. They have higher debt-to-GDP ratios and a poorer investment climate than most of the rest of Canada. The Fraser Institute, an independent research organization, regularly measures these indicators and the latest figures show that the outlook for Quebec taxpayers is very bleak indeed.

### Higher taxes

Quebecers pay a greater portion of their incomes in tax than almost all other Canadians. "Tax Freedom Day" is the day until which taxpayers work to pay their taxes, and upon which they

start keeping the money they earn for themselves. In 2007 Quebec's Tax Freedom Day fell on June 26. This compares to June 1 in Alberta, June 16 in British Columbia and June 19 in Ontario. Only Newfoundland and Labrador, where Tax Freedom Day falls on July 1, has a later date than Quebec. However, when natural resource levies are not included as part of the total tax bill, Tax Freedom Day in Newfoundland falls on June 13, making Quebec the latest Tax Freedom Day in Canada.

In 2007, the average Quebec family (with two or more individuals) will earn \$72,214 and pay a total of \$34,688 in taxes, for a total tax bill amounting to 48 percent of its income.

This includes income taxes, property taxes, sales taxes, profit taxes, health, social security and employment taxes, import duties, license fees, taxes on the consumption of alcohol and tobacco, natural resource fees, fuel taxes, hospital taxes and a host of other levies. From 2003 to 2007 personal income taxes paid by the average Quebec family have increased by \$1,395, while the total tax bill of the average Quebec family has increased by \$3,869.

### An F for fiscal performance

Every year, the Fraser Institute's Fiscal Performance Index measures the performance of federal and provincial governments on 29 measures of taxation, spending, deficits and debt over the



# Quebec

Former CTF director Tasha Kheiriddin is now the Fraser Institute's Director for Québec and la Francophonie, based in Montreal.



past five years. For the 2007 report, looking at 2001-2005, Alberta received the top score of 83.3 out of 100.00. Ontario clocked in at number 6 with a score of 53.1, while Quebec came in second-to-last in 10th place with a score of 32.0 (P.E.I. brought up the rear at 26.3).

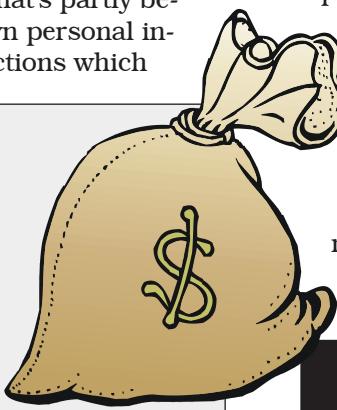
Why Quebec's poor showing? Over the past five years on average, the government has increased spending at a faster rate than economic growth. Quebec already has the largest government as a percentage of GDP – 27% compared to Alberta's 17.1 and Ontario's 21.1. The province also has higher personal income tax rates and still keeps a punitive capital tax on the books. At the same time, it continues to rely on federal transfers to make ends meet. Finally, the provincial government has a debt-to-GDP ratio of 45.7 – the highest in the country after Newfoundland, at 63.6.

## Higher administrative costs

Guess what - managing all these taxes costs a lot of money! In 2005 it cost Quebecers \$870 million to administer personal income tax, corporate income tax, Quebec and federal sales taxes, excise tax and payroll tax. That's partly because Quebecers collect their own personal income taxes, unlike other jurisdictions which

## More taxes may be in the bag

You read it here first. Despite having the latest Tax Freedom Day in the country, the latest brainchild of the Quebec government is ... another tax. This time, it's on plastic bags. The Quebec Environment Ministry is currently studying whether to follow Ireland's lead and impose a "PlasTax" of 15 cents per plastic bag. A local environment group estimates that Quebec could take taxpayers for about \$30 million a year in taxes if it imposed a PlasTax. With the government's voracious appetite for taxes, such a tempting item will be hard to leave on the shelf. Quebec taxpayers better start stocking up on cotton sacks. ■



leave it up to the federal government.

## An uncompetitive investment climate

Not surprisingly, Quebec's investment climate fares poorly when compared to other provinces. In its 2007 Investment Climate Report, the Fraser Institute ranks Quebec second-to-last (just ahead of PEI) in terms of its investment climate. Alberta ranked first with a score of 8.9 out of 10.0, Ontario squeezed out a score of 5.0, while Quebec garnered a measly 3.0.

Quebec scored poorly because of its government's failure to be fiscally prudent, its poor transportation infrastructure, its high labour market regulation, high personal income taxes, and out-of-control regulatory burden. On that last indicator, Quebec scored a 0.0 – its regulatory costs are 4.4% of GDP (the average for other provinces was 3.4%, while Alberta had the top score at 2.6%).

## Things need to change – and soon!

So while Quebecers enjoy that delicious espresso on the next-best-thing to a Parisian *terrasse*, remember that they're paying through the nose for the privilege of living in *la belle province*. And lest you think this is a Gallic thing, remember that even France recently voted in a government committed to reducing its tax burden. Quebecers should be able to figure out how to have our croissant and lower taxes, too.

For more information on Quebec and Canadian tax issues, click on the "Fiscal Studies" tab on the Fraser Institute website at [www.fraserinstitute.ca](http://www.fraserinstitute.ca). ■

## Contact information:

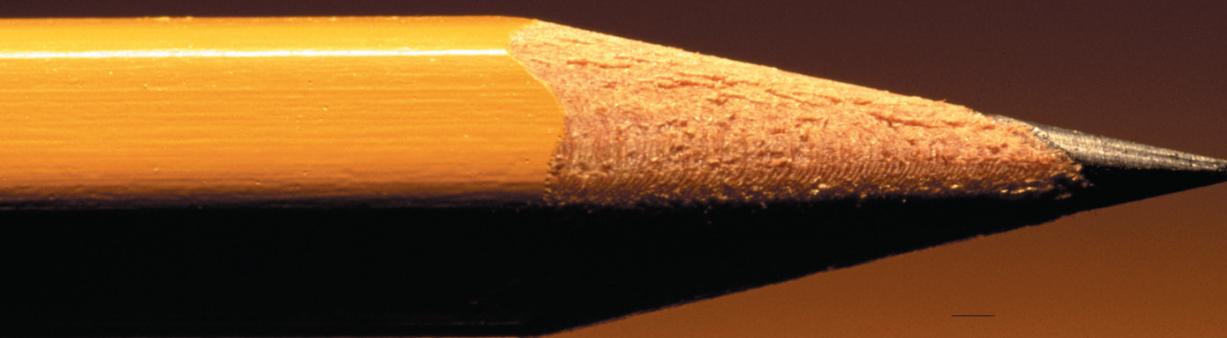
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# **Have you completed the CTF's 2007 Survey?**

**Each year, your CTF conducts a comprehensive survey of you, our supporters. This survey addresses priority and emerging issues both federally and in your province. We also ask a few questions about the direction you want us to take.**



## **There are two ways to complete this survey.**

### **1. Complete the survey online:**

Go to [www.taxpayer.com](http://www.taxpayer.com) where the link for the supporters' website is located at the bottom of the left navigation bar. After clicking on this link, you will be prompted for a password. Use the e-mail address you supplied to the CTF. If you have any problems with your password please call 1-800-667-7933.

### **2. Mail or fax:**

If you would prefer a hard copy of the survey which can be faxed or mailed in, please contact the CTF at 1-800-667-7933.

**[www.taxpayer.com](http://www.taxpayer.com)**